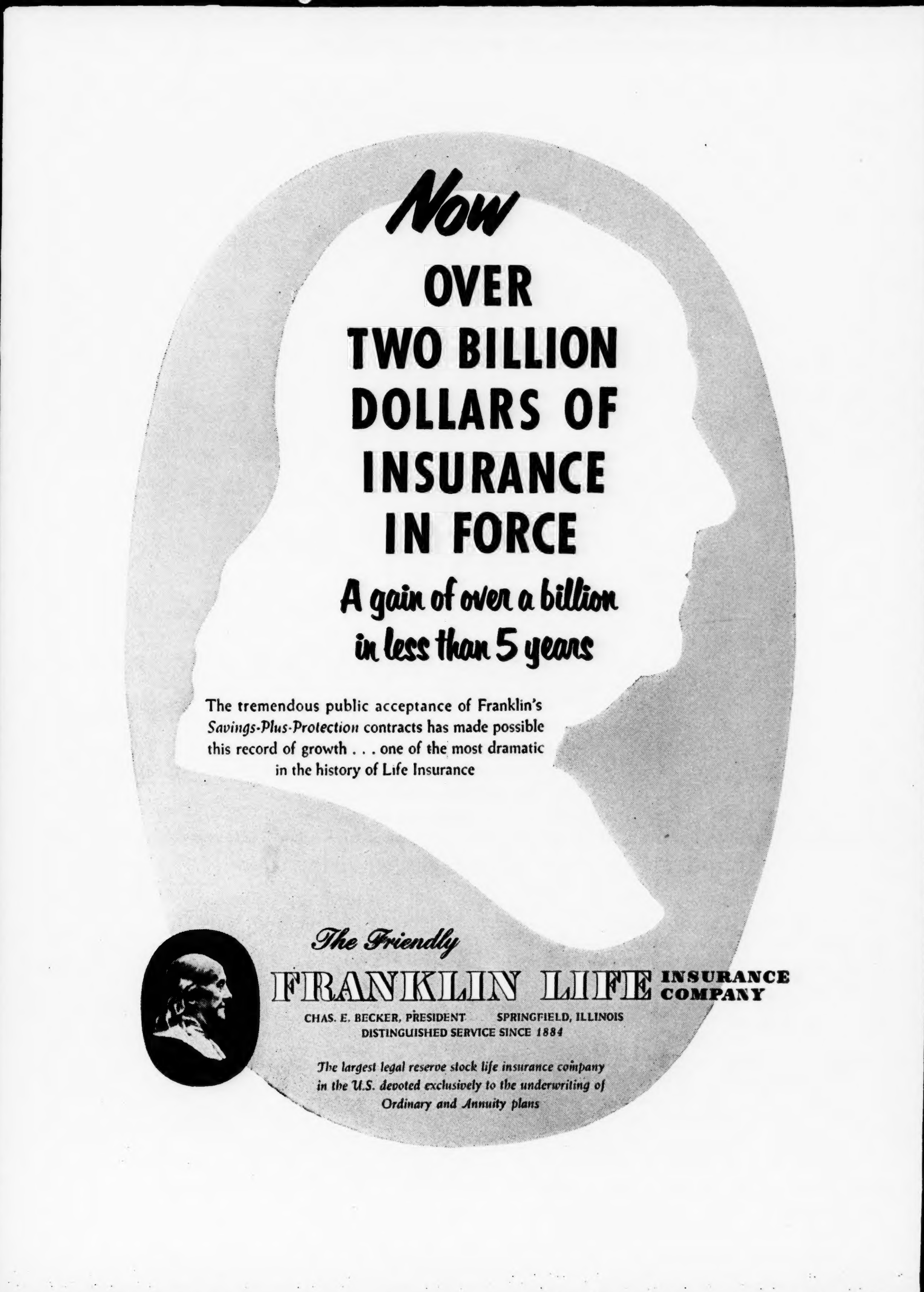
The NATIONAL UNDERWRITER

Life Insurance Edition



FRIDAY, DECEMBER 30, 1955

New MONY 'TMT' Policy offers $10,000 of Life Insurance at an initial rate of Only 16¢ A Day!

(BASED ON AGE 30)

HIGHLIGHTS OF THE "TEMPORARY MODIFIED TERM":

- Sold in amounts of $10,000 or more.
- Can be converted at any time during the 5-year period to the same amount of permanent insurance . . . without further evidence of insurability.
- Sample gross premiums, dividend illustrations and illustrative average net cost for $10,000:

At Age 30	Gross Premium	Illustrative Dividends* (payable at end of 2nd and later policy years)
First year	$57.20	None
Second year	$57.20	$25.50
Third through fifth years	$82.70	$25.50
	Illustrative net cost averages $52.10 a year	
At Age 40		
First year	$83.90	None
Second year	$83.90	$32.70
Third through fifth years	$116.60	$32.70
	Illustrative net cost averages $77.36 a year	

*Dividend illustrations are in no sense guarantees or even estimates of future dividends, which must depend on future experience and the annual action of the Company's Trustees.

INQUIRIES FROM BROKERS INVITED

MUTUAL OF NEW YORK

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

Broadway at 55th Street, New York 19, N. Y.

Life Insurance—Accident and Sickness—Hospitalization—Retirement Plans... FOR INDIVIDUALS AND EMPLOYEE GROUPS

MONY TODAY MEANS **MONEY** TOMORROW!

THE NATIONAL UNDERWRITER, Life Insurance Edition. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 59th year, No. 52, Friday, December 30, 1955. $7 per year (3 years, $18); Canada, $8 per year (3 years, $21); Foreign, $8.50 per year (3 years, $22.50). 30 cents per copy. Entered as second class matter June 9, 1900, at the post office at Chicago Ill., under the Act of March 3, 1879.

The NATIONAL UNDERWRITER
59th Year, No. 52
December 30, 1955
The National Weekly Newspaper of Life Insurance

Ohio State Life Gets Control of Columbus Mutual

Hikes Share Bid to $1,300 to Top Second Bidder; Over 50% of Stock Bought

COLUMBUS—Frederick E. Jones, president of Ohio State Life, announced Wednesday he had got control of Columbus Mutual Life. A couple of weeks ago Mr. Jones made an offer of $1,000 each for the 5,000 shares of Columbus Mutual stock, but boosted this to $1,300 a share to top a bid of $1,200 a share made by C. P. Corp. of Cleveland.

The Cleveland bidder was representing B. F. Biggers of Dallas, long interested in the insurance business, particularly from the investment aspect, and reported to be the largest single stockholder of Lincoln National Life.

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Mr. Jones, who did not place a ceiling on the number of Columbus Mutual shares he would buy, said the $1,300 price would be paid for all shares deposited with the escrow agent, Ohio National Bank, by Jan. 5. He obtained a majority of the shares this week. If he obtains all 5,000 shares at a price of $1,300, he would pay $6.5 million for a company with about $420 million of insurance in force and assets in excess of $100 million. At Dec. 31, 1954, the company had a special surplus fund of $1,428,157, unassigned surplus of $9,202,906, along with capital of $500,000.

Ohio State Life has assets of about $81 million and insurance in force of $310 million. The approximate combined figures would be insurance in force of $730 million and assets of $190 million.

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Mr. Jones said he will merge Columbus Mutual into Ohio State Life, but added that because of the complexity of the project it would be of a long-range nature. Merger of the companies, Mr. Jones stated, will benefit all concerned—the policyholders, agents and companies themselves.

The Cleveland bidder had stated in its offer that if control of Columbus Mutual were obtained the company would remain intact under its present management. C. P. Corp. had deposited $3,060,000 in City National Bank & Trust Co. at Columbus to pay for 2,550 shares, 51% of the stock, at the $1,200 bid. Purchase would have been on a pro rata basis had a larger number of shares been offered.

Mr. Biggers is president of All States Life of Dallas, organized last August. He formerly headed Republic Life in Oklahoma City but sold out some years ago, the company being moved to Dallas and becoming one of the components of the present Republic National Life. Mr. Biggers is stockholder in Lincoln National Life but both he and that company emphasized that he

(CONTINUED ON PAGE 13)

252 in First List of 1956 MDRT Qualifiers

The first list of qualifiers for the 1956 Million Dollar Round Table shows that 252 members have qualified through Dec. 20, as against only 179 on the same date a year earlier.

The 252 qualifiers are listed in five categories: life and qualifying, repeating, 115; life, 47; life and qualifying, first time, 31; qualifying, repeating, 39; qualifying, first time, 20.

According to Chairman Arthur F. Priebe, Penn Mutual, Rockford, Ill., some 50 to 75 applications were awaiting qualification on Dec. 20 but could not be cleared for the first list because MDRT headquarters had not received verification of production records from home offices or verification of affidavits of association membership from the National Assn. of Life Underwriters.

Some applicants are apparently under the impression that qualification requires only applications and supporting documents be submitted in proper form, not realizing that some of the home offices take from two to three weeks to verify production records.

Following is the list of qualifiers in the five MDRT categories:

Life and Qualifying, Repeating

J. Miles Abell, Southwestern, Houston; David Adelman, Mutual Benefit Life, New York City; Irving F. Ash, Mutual of N. Y., Beverly Hills, Cal.; David W. Ashley, Northwestern National, Fort Worth; Paul Audet, Prudential of England, Quebec City; Daniel Auslander, Massachusetts Mutual, New York City; Marsden Austin, New York Life, Enid, Okla.; Sig H. Badt, Southwestern, Dallas; Meyer L. Balser, Massachusetts Mutual, Atlanta; Kenneth R. Bentley, Mutual Benefit Life, Danville, Ill.; A. Harold Bickerstaff, London Life, Toronto; Seymour Block, Mutual Benefit Life, New York City; Howard R. Brewster, New England Life, Providence; Richard W. Campbell, Fidelity Mutual, Altoona, Pa.; John Christopher, New York Life, Chicago; Warren F. Coe, Penn Mutual, Oshkosh, Wis.; Roger J. Conant, Northwestern National, Houston; Maurice R. Coulson, Penn Mutual, Wichita Kan.; Norman Cowan, Imperial Life, Toronto; Pete J. Demetros, Service Life, Tokyo; Fred A. Ditmars, Massachusetts Mutual, Hackensack, N. J.; J. Milton Edelstein, Connecticut Mutual, Chicago; Sol Eisen, Canada Life, Toronto; Andrew J. Elder, London Life, Toronto; Fred B. Ensminger, independent, Detroit; Ben Epstein, Kansas City Life, Houston; Herbert T. Etheridge Jr., Southwestern, El Paso; Neville H. Evely, Prudential of England, Toronto;

Ben Feldman, New York Life, East Liverpool, O.; Francis T. Fenn Jr., National of Vermont, Hartford; Z. Willard Finberg, Great-West, St. Paul; Tom Flournoy Jr., New York Life, Macon, Ga.; Leopold V. Freudberg, Massachusetts Mutual, Washington, D. C.; Richard G. Fuller, Southwestern, Dallas; George M. Galt, Massachusetts Mutual, Pittsfield, Mass.; Avery D. Gentle, New York Life, Ithaca, N. Y.; Joe H. Gerson, Equitable Society, Atlanta; Russel G. Gohn, Philadelphia Life, York, Pa.; Milton A. Goldstandt, John Hancock, Chicago; Nathan I. Gordon, Connecticut Mutual, Cleveland; Charles K. Gordy, Fidelity Mutual, New Haven; Harry Greensfelder Jr., independent, St. Louis; Lusk Gordon Hardy, Imperial Life, Toronto; H. J. Harris, Great-West, Ottawa, Canada; George Hatzes, Fidelity Mutual, Washington, D. C.; Thomas R. Hawkins, Equitable of Iowa, Jackson, Mich.; Sadler Hayes, Penn Mutual, New York City; Paul Heymann, New York Life, Providence; Mark B. Higgins, Equitable Society, Pittsburgh; Robert M. Hirsch, Provident Life & Accident, Chicago; Edward C. Hoelscher, Northwestern Mutual, Chicago; Hubert N. Hoffman, New York Life, Arlington, Va.; Russell W. Heuther, Franklin Life, St. Louis; Rodney Hull, Mutual of Canada, Toronto.

M. Herschel Ingram, Southwestern, Dallas; Frank M. Jones, Independent, Birmingham; Josef E. Josephs, New York Life, Charlotte, N. C.; Richard J. Katz, Massachusetts Mutual, Rochester, N. Y.; Alson R. Kemp, New England Life, Chattanooga; Herbert V. Kibrick, New York Life, Boston; William J. Kinnally, Northwestern Mutual, Milwaukee; Edward T. Kirtz, Connecticut Mutual, Cleveland; Fred E. Kramer, Ohio National Erie, Pa.; Paul E. Lachance, Prudential of England, Quebec City; William T. Larsen, Mutual Benefit Life, Newark; Andrew P. Lee, Union Mutual, New York City; Frederick D. Leete Jr., Northwestern Mutual, Indianapolis; Bernard C. Lewis, Prudential, Newark; Lawrence L. Lifshey, New York Life, New York City; Ralph E. Loewenberg, Massachusetts Mutual, New York City; Milton A. Lowenberg, Aetna Life, New York City.

Russell W. McDermott, independent, Indianapolis; Lantz L. Mackey, independent, Detroit; Edwin O. Martin, Provident Life & Accident, Chattanooga; David Marx Jr., Massachusetts Mutual, Atlanta; Leo C. Mascotte, Lincoln National, Fort Wayne; R. Clint Meadows, National of Vermont, Binghamton, N. Y.; Kenneth L. Means, State Mutual, Chicago; C. Harrison Meyer, Massachusetts Mutual, New York City; J. D. Mingay, Prudential of England, Toronto; J. Renwick Montgomery, Phoenix Mutual, Philadelphia; William H. Muldowney, Equitable Society, Grand Rapids; Harold S. Norman, Provident Life & Accident, Detroit; Barney Nuell, Connecticut Mutual, Los Angeles; Maurice T. Paine, Massachusetts Mutual, Chicago; Albert M. Palmer, Massachusetts Mutual, Miami; Arnold L. Panella, Penn Mutual, Daly City, Cal.; Clarence E. Pejeau, Massachusetts Mutual, Cleveland; W Henry Pendell, Penn Mutual, Saginaw, Mich.; Jules J. Polachek, New England Life, Pittsburgh; Leigh T. Prettyman, Northwestern Mutual, Muskegon, Mich.; Arthur F. Priebe, Penn Mutual, Rockford, Ill.; John P. Propis, Northwestern Mutual, Buffalo.

Henrikas Rabinavicius, New England Life, New York City; Rulon E. Rasmussen, New York Life, Phoenix; Howard J. Richard, New York Life, Boston; Bert G. Ripley, Southwestern, Wichita Falls, Tex. Marvin R. Robbins, Mutual, New York, Rocky Mount, N. C.;

(CONTINUED ON PAGE 10)

Late News Bulletins . . .

FTC Trade Practice Parley on A&S Feb. 8

Federal Trade Commission will hold its A&S trade practice conference Feb. 8 at the Willard hotel in Washington, D. C. More than 250 commissioners, organization and company representatives are expected to attend. Lowell Mason will preside.

Fisk, Pru V-P, Resigns to Join Newspaper

Kerby H. Fisk, vice-president of Prudential, is resigning to become financial vice-president and a director of the Washington Post Co., which publishes the *Post* and *Times-Herald* and owns radio and TV stations. He will act as financial consultant to the Eugene Meyer family. Mr. Meyer is chairman of the Post company.

New N. W. Mutual Policies Feature Flexible Options

Contingent Beneficiary Gets More Rights; Some Rates Cut, Contracts Streamlined

Featuring what it terms "the most flexible option settlement program yet devised," Northwestern Mutual is introducing its new "FF" policy series Jan. 1, the same date it will begin writing substandard business. Every one of the company's 36 plans will be available on a "classified" basis, the name being used for substandard business.

"Because of its comprehensive approach and its many unique features, our new program is custom-tailored to fit today's needs," President Edmund Fitzgerald stated.

An important option innovation is that automatic interest will accrue from the date of death without action on anyone's part. While not original with Northwestern, the provision is considered extremely liberal and will be retroactive for policies now in force where death occurs after Dec. 31, 1955.

Under the new program, the direct beneficiary has the right at any time during the first year to choose a settlement option at the rates provided in the policy. An exclusive feature is that the policy will guarantee the payee the opportunity to transfer from an interest option to a disbursing option at any time. If, however, he transfers to a life annuity option after an interest option is effective, payments would be made at the then-current rates. This is in recognition of the increasing length of life. These changes also are retroactive to all policies in force.

"Northwestern's new option program will give the contingent beneficiary more rights than he ever had before," Mr. Fitzgerald said. A reservation is that the interest option may not be extended beyond the contingent beneficiary's 30th birthday. Then he must transfer to a disbursing option or withdraw.

A new "abreast settlement" provision specifies that any part of the proceeds may be paid under two or more options simultaneously.

Another important change involves an option maturity date provision. It allows the holder of an endowment or retirement income policy to select an optional maturity date up to five years later than the original maturity date. Under the plan, accumulating interest is held until the optional maturity date.

The new rights in no way alter the power of the policyholder to prescribe programs for his beneficiaries and contingent beneficiaries. They do make it unnecessary in most cases to endorse policies when flexibility is desired.

Under other changes, premium

(CONTINUED ON PAGE 11)

Linton Analyzes Variable Annuity, Sees Bad Points Outweighing Good

NEW YORK—Chairman M. Albert Linton of Provident Mutual took a generally bearish view of the variable annuity, particularly the kind issued to individual buyers, in his talk in the panel discussion conducted by American Finance Assn. at its meeting here.

For one thing, Mr. Linton expressed doubt that the fundamental assumptions that have given the greatest impetus to the variable annuity movement are valid. He questioned the basic thesis that the future will duplicate even closely the results of the last 20 years as far as the relationships between living costs and common stock prices are concerned.

"Even with a reasonably stable cost of living, severe and sustained declines in the stock market can take place," he pointed out. "It will be recalled that the collapse of the stock market in 1929 and the great depression of the 1930s followed relatively stable living costs in the seven years immediately preceding them. In fact, it was the long sustained period of prosperity, accompanied by such minor fluctuations in living costs, that had much to do with the development of the belief that we had mastered the business cycle and entered a new era.

M. A. Linton

"We seem to be dreaming something like that today. We hope the dream will come true and not prove to be as false as it did before. The uncertainty, however, makes it important that if equity annuities are to be sold, a proper balance with fixed-dollar annuities should be insisted upon.

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"In the field of pensions for groups of employes we have already noted a growing tendency for trust arrangements to be set up providing a top layer of protection in the form of equity investments. It would appear reasonable and fair to permit life insurance companies to employ the variable annuity principle in the same field, especially since there is a good chance that properly balanced protection can be insisted upon and enforced. If any type of variable annuity is to be issued by a life insurance company on a segregated fund basis, this group type would appear to involve the least risk.

"When it comes to individual contracts to be sold to the general public it would be with the greatest reluctance that I would bring this type of business into the company on segregated fund basis. If there seemed to be no way of avoiding doing something of that kind I would want to limit the business to a single inseparable contract under which a fraction, but not more than one-half, of the premiums could go into a variable annuity.

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"Even then I believe the probability of serious trouble would be great. It is noteworthy that the previously mentioned report adopted by the insurance commissioners association recommends that any special legislation that may be required should specify 'that a balance between fixed-dollar income and variable annuities be achieved and maintained.'

"The result of all these considerations leads me to the conclusion that the probabilities are great that it would be an unfortunate day for life insurance and particularly for state supervision of the business (which the business rightly considers vitally important) if life insurance companies should include this essentially mutual fund principle among their offerings to the general public. The institution of life insurance has too much at stake after long years of outstanding service to its policyholders to allow its position to be undermined by what at best would be but a side issue.

"Its paramount business is life insurance and annuity services on a fixed-dollar basis—a field in which it stands unrivaled. If it should appear desirable to offer variable annuities, variable endowments or variable other things it would appear to be far less hazardous to do it through the use of subsidiaries. About two weeks ago the executive committee of the important American Life Convention, with a membership of 250 life insurance companies, favored the subsidiary approach if variable annuities are to be offered to the public.

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"All the time I have worked on this subject I have been wondering whether we are dealing with something that is basically the product of the prolonged bull market of recent years. Will it go with the wind if there should be a sustained decline in the market either with or without a decline in living costs? Time only will tell."

In the earlier part of his talk, after explaining how a variable annuity operates, Mr. Linton mentioned one argument frequently advanced for variable annuities—the higher returns—but said there can be little doubt that the driving force behind the variable annuity development has been the fear of inflation and the belief that an annuity based upon common stocks under such conditions would best serve the annuitants.

To evaluate this theory Mr. Linton used a chart comparing the cost of living and stock prices over the last 70 years. This was done by using indices employed by Teachers Insurance & Annuity, in connection with its College Retirement Equities Fund in illustrating the relative characteristics of equity and fixed payment annuities. For each prices in 1926 are the base of the index. In the graph, the solid line represents the stock prices and the broken line the cost of living. Following is the text of Mr. Linton's talk, in slightly abridged form:

TEXT OF TALK

Contemplation of the chart makes it easy to understand why the research made by the TIAA and CREF revealed so many examples where the results over various periods would have been favorable to variable, as compared with fixed payment annuities. If the experience over the next generation is likely to duplicate that of the past 30 years, then the variable annuity principle would appear to have validity. As of March 31, 1955, over 20,000 TIAA participants were also CREF participants; about 18,000 of whom were participating to the full extent permitted.

From these two graphs it will be seen that for two short periods in the 1880s and 1890s stock prices were low as compared with living costs. This was followed by a decade, greatly influenced by World War I, when living costs were on top by wide margins. After 1926 there was a fall in living costs with a reversal in the early 1930s followed first by a relatively stable period and then by an extremely rapid rise resulting from World War II and its aftermath. Stock prices during this period gyrated widely. In some years the payments under variable annuities would have made the recipients feel on the crest of the wave and in other years they would have felt depressed.

During the 1940s there is a rough correlation between the two graphs. Then, just as a tendency became manifest for the cost of living to level off, the Korean war broke out and sent both stocks and living costs to zooming beyond the limits of the chart.

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One point continually stressed by TIAA and CREF is the importance of dollar averaging over time. Thus a teacher who takes a CREF annuity, say at age 35, has at least 30 years over which to make his premium payments. Therefore his funds are invested in stocks over a long period and fluctuations in stock prices have little long-run effect. It is the average that counts. It is also pointed out that this averaging principle continues to apply after retirement when an annuitant is receiving his variable annuity payments. However, CREF does not insist on the use of this principle during the retirement period. After age 60 and before annuity payments being, a participant may switch his annuity entirely over to a regular fixed payment TIAA annuity.

As we have seen, much of the drive to provide an annuity whose payments will fluctuate with the stock market derives its power from the basic belief that we shall have inflation in the future and that the variable annuity will be able to protect the annuitant's purchasing power under such conditions. This fear of inflation may prove to be well founded. Certainly many outside the academic world share it. They say that the past is the best guide to the future. Just look what has happened to the purchasing power of the dollar in the last 50 years.

ECONOMISTS AT ODDS ON INFLATION TREND

On the other hand, before capitulating to the theory that continued inflation is inevitable would it not be wise to submit it to careful study? I am well aware that many economists believe that inflation over the long run is most probable. Others differ. In such a situation what does the poor layman do? At least he can review the record, can weigh the arguments, and finally arrive at a conclusion that seems reasonable to him.

Going back to the beginning of the century we find that the major factors in the increases in prices that have occurred since then, have been two world wars, the second of which, of course, had the most effect. Had these wars not occurred there is a question in my mind whether the cost of living today would be much above what it was just prior to World War I.

Referring back to the chart we note an increase in the cost of living during the first 15 years of the century when we were at peace. What caused that? Economists tell us that the increase in prices prior to 1913 was largely the result of the enormous increase in the world's gold supply coming from the newly discovered mines of South Africa. This increase occurred at a time when our monetary system was rapidly becoming unsuited to its needs. This made it difficult to control the impact of the increased gold supply upon prices. The creation of the federal reserve system in 1914 indicated the need for a change. Another influence for inflation in this country during that early period was a large influx of immigrants (over 13 million from 1900 to 1914) which caused the population to increase with unusual rapidity, thus increasing the demands for capital goods faster than they could then be supplied.

From 1915 on, wars and their after-

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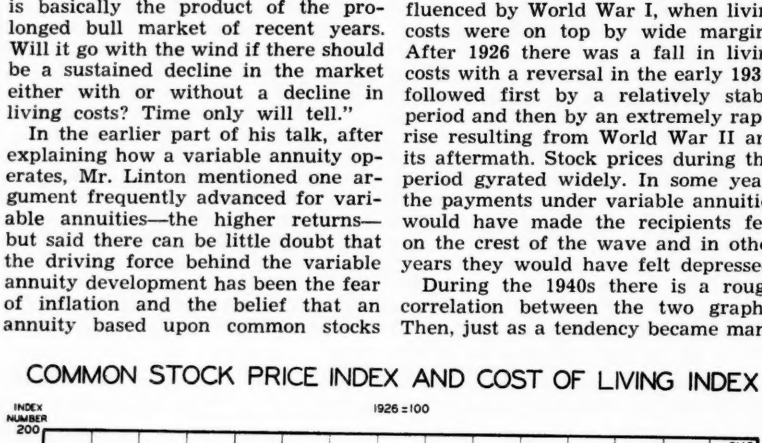
COMMON STOCK PRICE INDEX AND COST OF LIVING INDEX



EQUITABLE MEDICAL CHIEF WARNS:

Charging Insured Patients Top Fees Will Arouse Widespread Resentment

The practice of some physicians, when a case involves insurance, of making the maximum charges in their usual range of fees for the service rendered has brought a warning from Dr. Norvin C. Kiefer, chief medical director of Equitable Society.

These charges are apparently influenced more by the ability of the insurance company to pay than by the patient's financial status, Dr. Kiefer said in his talk before a recent meeting of medical educators and industrial medical directors sponsored by National Fund for Medical Education at Mellon Institute, Pittsburgh. He warned that when such maximum charges accumulate, the company employing the patient often has to pay higher premiums and the increased cost of the insurance is borne by the employer, employes or both.

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Furthermore, Dr. Kiefer pointed out, those paying the bills soon learn why the insurance costs have risen and "become just as resentful as the individual patient who thinks his physician has overcharged him."

Complaints from physicians over having to reply to increased numbers of inquiries about their patients who apply for life insurance were mentioned by Dr. Kiefer. He commented that the inquiries mean more work for the insurance companies also and that they are caused in part by the medical profession's successful efforts to have Americans take better care of their health and seek medical advice earlier.

The physician who criticizes the intrusion of voluntary prepayment groups, insurance companies or industry into his professional time, Dr. Kiefer warned, makes "the tragic error of over-looking the simple fact that the alternative is the thing he fears and hates most: intrusion by governmental agencies." Many doctors, he said, must become far more aware of their "full relationships to a distinctly altered social philosophy and economic milieu in our present industrial world."

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Dr. Kiefer urged the medical profession to:

1. Become far more aware of its full relationships to the industrial world of today and tomorrow.
2. Train and provide sufficient doctors for administrative medicine.
3. Cooperate more fully with labor and management in industrial health programs.
4. Train and encourage future physicians to take the lead in solving nation-wide health problems.
5. Rededicate itself to giving the public what it wants and expects.

While medical science has progressed brilliantly during this century Dr. Kiefer believes, too many doctors "failed to give adequate attention to the socio-economic changes" which have taken place. "Philosophically, the practice of medicine continued pretty much as usual," he said.

According to Dr. Kiefer, this complacency received its first shock during the depression when the medical profession was plagued by terms such as "compulsory national health insurance" and "socialized medicine." He said the profession reacted "belatedly" and "violently." He added that the demand for medical security has grown, despite prosperity, until 105 million people in the United States are now protected to some degree through voluntary insurance against the costs of medical care, hospitalization and similar expenses.

Management and labor are increasingly active in programs to conserve and restore employe health, Dr. Kiefer said. Among the major developments in this field, he listed pre-employement examinations, provision of emergency medical care, assurance of healthful general working conditions, control of specific industrial hazards and provision of periodic health examinations and counselling.

Dr. Kiefer emphasized that the beneficial effects of such health programs extend not only to employes but to entire communities. He said many physicians have been so preoccupied with professional matters that they have neither recognized nor understood the extent and significance of the social changes in which they are engulfed.

Too often, he said, their knowledge of industrial medical programs is concentrated on the annoying by-products, such as increased paper work. He reminded them that they are primary beneficiaries of the dollars from these programs and that many doctors who object to the number of forms they must fill out in connection with industrial health insurance programs fail to recognize their unique privilege of usually having their statements accepted at face value, rarely disputed.

Dr. Kiefer stated that the physician must learn that there is no turning back from social changes of the modern industrial world. The doctor must learn, he said, that while industrial and voluntary health programs may require some alteration of the conduct of his practice, they are based on private enterprise and therefore are sympathetic to his own desire to protect the private practice of medicine. He cautioned that if the medical profession fails to give these programs the necessary understanding, participation and cooperation, they will be unable to satisfy public demand and will be replaced by "a mighty governmental health program."

Doctors were told that the failure to provide enough physicians for administrative medicine is "one of the great tragedies of our profession" and will lead ultimately to lay leadership and control of many important medical programs that should be under medical administration and leadership. Medical educators were asked if they were doing all they could to meet this crisis.

Dr. Kiefer pointed out that in industry the National Fund for Medical Education usually turns for financial support to large companies—the very ones most likely to have comprehensive medical programs. He asked the medical educators if it is fair to request aid from these companies while neglecting their personal needs and health service objectives.

To those who train future physicians, Dr. Kiefer said: "While you are placing in his hands the precious tools of med-

(CONTINUED ON PAGE 11)

National of Vt. Cuts Rates on Disability Income and Annuities

National Life of Vermont has revised its rates on disability income benefits and on single premium immediate annuities, reducing premiums at a large number of ages with only occasional premium increases, effective Jan. 1.

New rates for waiver, income and endowment benefits attached to ordinary life plans at these ages of issue are: age 20, $3.29; age 25, $3.95; age 30, $4.83; age 35, $6.07; age 40, $7.59; age 45, $9.93; and age 50, $14.74.

On waiver of premium and income benefits (monthly income of $5 per 1,000 face amount of contract) attached to ordinary life plans, the new rates are: age 20, $2.17; age 25, $2.65; age 30, $3.33; age 35, $4.31; age 40, $5.60; age 45, $7.71; and age 50, $12.34.

Coincident with the new rates, the waiver of premium and income benefits have been extended to provide waiver of premiums on disability occurring before age 60 instead of age 55 as heretofore.

The new single premium immediate annuity rates affect immediate life annuities, 100% refund annuities, joint and survivor annuities and immediate annuities with 10-year guarantee. The last plan, a new one for the company, replaces its 50% refund annuity.

The new single premiums required to produce an immediate annuity of $100 per annum at various male ages are: age 40, $2,362; age 50, $1,957; age 60, $1,519; age 70, $1,058. For refund annuities, the corresponding single premiums are: age 40, $2,455; age 50, $2,117; age 60, $1,747; age 70, $1,357.

Elect Dr. N. J. Barker Medical Bureau Chief

Dr. Norman J. Barker, medical director of Connecticut General Life, has been elected chairman of Medical Information Bureau to succeed Walter O. Menge, president of Lincoln National Life. Douglas S. Craig, 2nd vice-president of Metropolitan, is the new vice-chairman.

Named to the executive committee were Thomas K. Dodd, Connecticut Mutual; Dr. James P. Donelan, Guarantee Mutual, and John J. Magovern, Mutual Benefit Life. Continuing executive committeemen, in addition to Dr. Barker and Mr. Craig, are M. R. Dodson, Ohio National Life; Dr. David S. Garner, Shenandoah Life; Dr. J. Keith Gordon, Sun Life of Canada, and James T. Phillips, New York Life.

Md. Rules on Licenses of Solicitors, Agents

Solicitors and agents not only come in different categories under Maryland law, but if a man is being switched from one to the other by his comany, he must obtain a new license. This is the opinion given by Deputy Attorney General Ramsey in answer to an inquiry by Deputy Commissioner Coppage of the Maryland insurance department.

The $2 charge applies to each application even though the company presenting the application purports to be changing the status of one particular man employed by them, Mr. Ramsey wrote. The rule should be applied unless there is a mutual mistake of fact on the part of the company and in that event, a corrected license should be issued without additional charge he ruled.

PLANS FOR OLDER AGES

Metropolitan Offers Paid-up at 65 A&S Policy

NEW YORK—Two new hospital and surgical expense insurance plans providing benefits at the older ages as well as during one's active years are being introduced by Metropolitan Life.

On one of these plans, believed to be the first of its kind offered by any insurance company, the premium payments cease when the insured reaches age 65, and paid-up benefits on a modified basis are provided without further premium payments for as long as the insured lives.

The plan provides coverage for the insured during his years of active employment and at the same time enables him to make provision for modified coverage without further payment of premiums during his retirement.

The insurance is offered to family groups a well as to individuals. Unmarried children under 18 may be insured in the family group. Upon reaching age 18 the child no longer is covered by the family policy, but may apply for the insurance as an individual. The plan will be issued to persons from 18 through 55.

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A feature of the family group policy is what is termed an "extremely liberal" maternity benefit.

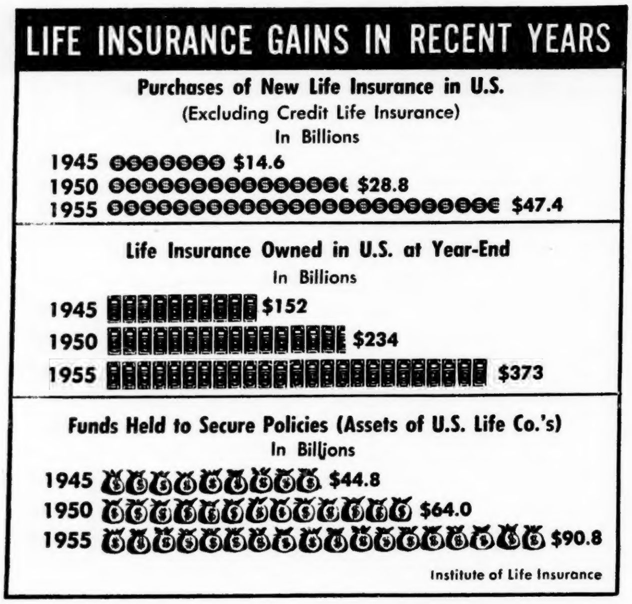
The insurance is guaranteed renewable. However, because of the changing trends in hospital usage and costs, and the experimental nature—at the higher ages—of this kind of coverage, Metropolitan reserves the right to adjust the premium charges on such policies as a class.

The other new hospital and surgical expense insurance plan, also guaranteed renewable under the same conditions, is offered to persons up to 75 years of age. This coverage continues and premiums are payable so long as the insured lives.

This second policy makes hospital and surgical expense coverage available to those who prefer a lower premium policy or who are not eligible because of age to apply for the paid-up-at-65 plan. It also is offered to family groups and to individuals.

Both plans provide for hospital board and room payments, surgical operation payments, and hospital service benefits, all subject to stated limitations. Comprehensive poliomyelitus expense benefits are included.

"The cost of hospital and surgical care in the later years of life is one of the truly difficult problems individuals are faced with today," President F. W. Ecker commented. "It is expected that these two plans will be of considerable assistance in meeting this problem."



Blue Cross Asks Rate Increase at Toledo

Hospital Service Assn. of Toledo (Blue Cross) is asking for a rate increase which would be accompanied by a broadening of benefits.

The plan would allow costs of oxygen in a number of contracts, allow 31 days of care for nervous or mental disorders and out-patient surgery requiring the use of an operating room for reduction of dislocations and fractures.

The requested increases average about 10% overall, the percentage being smaller for the lower rated plans and higher for the more expensive plans.

Russell to Retire as President of Security Mutual, Binghamton

Frederick D. Russell has asked the board of Security Mutual Life of Binghamton not to re-elect him president at the annual meeting in February. Mr. Russell has accepted the board's request to continue with the company as consultant.

F. D. Russell

Mr. Russell joined the company as assistant treasurer in 1932. He served as treasurer and executive vice-president before advancing to the presidency in 1936.

Continental Assurance Asks OK to Sell Stock to Employes

LOS ANGELES—Continental Assurance has applied to the California department for a permit to sell 250 shares of its stock to employes in California at the last market price, but not to exceed $200 per share. The stock has been selling about 20 points below that figure.

Pa. Passes Group Dental Insurance Law

Gov. Leader of Pennsylvania has signed into law a dental service program for low income persons under which they may obtain a form of group insurance for dental work.

The plan would be similar to hospitalization and medical and surgery group plans now in effect. It would operate under the supervision of the state health and insurance departments.

Conn. General Names 3

Connecticut General Life has appointed Donald R. Clough district group manager at Portland, Ore., Russell L. Holmes assistant group manager in Los Angeles and T. D. Armstrong group pension representative at Chicago.

Mr. Clough, with the company since 1951, has been special group representative at Buffalo. Mr. Holmes, who joined the company in 1950, has been district group manager at Cincinnati. Mr. Armstrong, who joined in 1954, has been on the home office group pension staff.

Says FTC Should Cite Government on NSLI Dividend

Powell Stamper, assistant vice-president of National Life & Accident but writing in his capacity as an individual interested in the life insurance business, makes the following suggestion in a letter to the editor of The National Underwriter.

The editorial in the Dec. 16 issue of THE NATIONAL UNDERWRITER titled "Force Disclosure of NSLI Subsidy" is very timely.

By coincidence, I have just today seen the code issued by one of the state departments to govern advertising or other printed statements about A&S policies issued by private companies. It is to be assumed, I suppose, that this code is the result of events which occurred this year and must be somewhat in line with the interpretations of the FTC.

I do not object to the new code. But, in line with the suggestions in your editorial, if it should be applied to governmental bureaus the same as to private companies, then the same zeal and anxiety for the protection of the public which has been indicated by FTC would extend to other departments in Washington, including the one which handles National Service Life. If it does, then in the future they will not only cease and desist issuing statements, by implications or otherwise, indicating that NSLI is cheaper, but also they will inform the holders of these policies, and also all other taxpayers who help to pay the premiums, just exactly where the money comes from, and how much.

Just to keep the record straight, let me make it clear that this is neither the opinion nor the utterance of the company with which I am associated, but entirely my own.

Phoenix Mutual Issues $250,000 Policy on One Year Old Boy's Life

Phoenix Mutual Life has issued a $250,000 life policy on a boy just over a year old. This is believed to be the largest amount ever placed without reinsurance on the life of a one year old by any life company in North America.

A $500,000 policy has been issued to a woman of 71, under the new major protective series which features a three-year premium reduction for women.

Both were made possible by extended limits and liberalized underwriting.

Southland Life Tops $1 Billion in Force Goal

Southland Life passed the $1 billion insurance in force mark during December. This represents an increase in size of the company of approximately 45% during the last four years.

When John W. Carpenter, chairman, assumed management of the company Dec. 21, 1951, he stated that his primary objective was reaching the billion dollar goal in five years. The objective actually was accomplished in a few days less than four years.

Noting that the goal was attained during the company's 47th year, President Dan C. Williams commented that few life insurers have reached such a figure earlier than their 50th year of operation. He added that fewer than 50 companies in the U.S. have more than a billion in force.

Organized in 1908, it was 1947 before Southland Life reached the one-quarter of a billion mark. By December, 1952, insurance in force amounted to three-quarters of a billion. It required only three years to reach the billion goal. The company will close 1955 with assets in excess of $180 million.

The in force objective was reached only days before ground is to be broken for a multi-storied, city-block-sized Southland center, a downtown home office building project whose 42 stories will tower over every building west of the Mississippi river. An ultra-modern luxury hotel—the Sheraton-Dallas—will be built as an integral part of Southland center. The ground breaking project is scheduled for Dec. 31.

Stroud Secretary of Mutual, N. Y.

NEW YORK—Mutual of New York has advanced Robert R. Stroud to secretary, effective Jan. 1.

Robert R. Stroud

Mr. Stroud, who has been with the company since 1940, will continue as assistant to the president and as secretary he succeeds to part of the duties formerly held by Willard T. Johns who is retiring.

Functions of the treasurer's department, which Mr. Johns also has headed as secretary and treasurer, are to be transferred to the securities investment department. Service functions of the secretary's department (purchasing, mails and restaurant, for example) will become additional functions of the office operations department.

Mr. Stroud, 45 years old, joined Mutual as secretary to the president and later became assistant secretary of the company. He has been assistant to the president since 1946.

Pacific Mutual Raises Two

Pacific Mutual Life has named G. Kenneth Davis assistant manager of the agency administration department and Robert L. Moliner supervisor of the department's finance division.

Mr. Davis, with Pacific Mutual since 1928, has been identified with the company's financial operations throughout his career. Mr. Moliner joined the company in 1952.

Fred Exline Comments:

Calls 'Speculative' Annuity Better Tag, Asks Stronger Defense of Agent Selling on Campus

Fred M. Exline, manager for Connecticut General Life at Columbus, O., writes The National Underwriter:

THE NATIONAL UNDERWRITER is a must in my reading program and I get a lot of news and good ideas from it, for all of which I thank you. As evidence of the fact that I do read your magazine, I offer the following observations on two subjects about which much has been written and published in your paper.

The subject of a variable annuity has been talked about and written about, up one side and down the other; much of the discussion being founded on sound thinking. The word annuity has an almost sacred connotation in the minds of people who benefit by their ownership, and issuance. One of my clients referred to her annuity as "Pennies from Heaven," to borrow an old song title.

It seems to me that the choice of the word variable to describe the annuity under consideration is unfortunate. More accurately, I think the word speculative describes the annuity under consideration. My dictionary defines the word speculative as "of a business venture, a security, etc., involving risks." If I correctly understand this so-called variable annuity, there is considerable speculation about it.

Of the word variable, my dictionary says "able or apt to vary or change; susceptible or subject to variation; changeable." It is my belief that the words speculative annuity will cause the prospective purchaser of such a contract to properly appraise it before he buys it. The word variable simply indicates change, not risk, so it does not accurately define the annuity in question, nor does it alert the prospective purchaser to the risk involved.

I read your recent editorial about the dissatisfaction among men on the college campus about over-zealous solicitation from life insurance men. I thought your editorial was not sufficiently defensive of the life insurance agent.

After all, in the final analysis, life insurance is sold, not bought, and it is absolutely necessary for the life insurance agent to project himself into the lives of uninsured people before they will consider the subject.

The young man on the college campus is so far removed from death, in his own mind, that to him the consideration of it today is a waste of time, perhaps a little like getting ready for heaven which he thinks is so far away that he can look after that tomorrow.

I think your editorial might have pointed out that it is a compliment to any person to be solicited for life insurance by an agent. In order to buy life insurance, one must have good health, good character, and a sound financial condition. Any person who has these three qualifications is a logical suspect for solicitation by an agent.

If an individual has the earmarks of being possessed of those three excellent qualifications, then he can be proud of them, and I repeat, he can consider it a compliment that a life insurance agent thinks he has these qualifications, and for that reason comes to see him. No life insurance agent is going to spend a second calling upon any person lacking in any one of these three essential qualifications for the ownership of life insurance.

The alert life insurance agent recognizes that the young men on the college campus today are the leaders of tomorrow, and naturally he wants them to be prepared for the responsibilities of leadership and to be his clients on the way to and when they reach that high position in life.

You made a good point in your editorial about the number of men attending college who were enabled to be there only because some alert and industrious life insurance agent had sold life insurance to the parent in years gone by.

Just a few days ago I met a young man 39 years of age who is now a substantial owner of life insurance which he owns to create an estate for his wife and three children. He told me that his father died when he was 12 years old, leaving a substantial estate, consisting almost entirely of life insurance, which financed his college education and took care of his mother.

He said it would never have been possible for him to go to college if it hadn't been for that life insurance; and inspired by that fact, he had purchased a $5,000 policy from a life insurance agent when he, my new friend, went to college. He was solicited by a former college man who was active then and for many years has been diligent in soliciting men on the college campus with great satisfaction to them and success for himself.

I will admit that there may be an occasional instance where some over-zealous life insurance agent may have irked some overly-sensitive student whose conscience probably hurt him because in his heart he knew he was ignoring the facts of life as related to preparation for future security through the ownership of life insurance. Even so, I think you could have and should have written an editorial on the subject, giving more support and recognition to the indefatigable life insurance agent on the college campus, or anywhere else for that matter.

Editor's comment: The editorial on selling to students was aimed at calling attention to the need for extra care in dealing with young people who are at the opinion-forming state in the growing-up process. Any "defense" of the agent was merely incidental, since hardly any college students read The National Underwriter. Among those who do read it, the life insurance agent needs no defense.

Debit-Man Job Cover Bill Moves

The Pennsylvania house has passed and sent to the senate a bill to make industrial agents eligible for unemployment compensation if they lose their jobs. Present unemployment compensation law exempts agents.

Name Knox to Columbian National Group Post

Columbian National Life has appointed Edwin R. Knox regional group manager in New England.

Mr. Knox joined the company as home office representative of the group department in 1953 after 27 years of group experience with John Hancock. He has served as instructor of group insurance in evening classes at Northeastern university, Boston.

Mutual Realigns Sales Department at Home Office

NEW YORK—Mutual of New York is opening 1956 with a realignment and expansion of manpower in the


E. C. Danford


James C. McAfee

home office sales department. The new table of organization reflects the company's extension into multiple lines of individual and group coverages and the 100% increase in sales over the last five years.

The changes affect 16 positions directly and are designed to bring a more concerted effort to bear on recruiting, management and field training, market and agency development and further product improvement.

In the new table of organization, under Stanton G. Hale, who continues as vice-president for sales, are Edward C. Danford and James B. McAfee who become 2nd vice-presidents for sales. Mr. Danford's expanded duties will include supervision of all "special" products, including the "module" and other group lines, A&S insurance and brokerage business. Mr. McAfee will supervise "ordinary" products, with additional responsibility for merchandising and agency development.

At the same time Leland T. Waggoner has been advanced to western regional vice-president with supervi-


L. T. Waggoner


Glenn O. Mulvey

sion over 23 agencies. He succeeds the late Harry B. Cadwell.

Working with Mr. Danford will be Richard B. Thompson, who continues as director of module sales, Joseph J. Melly Jr., who continues as director of brokerage sales, and Glenn O. Mulvey, who becomes director of A&S sales.

James S. Bingay and Robert U. Shallenberger have been advanced to superintendents of agencies. Both will be at the home office, under Mr. McAfee's direction. Mr. Bingay heads a merchandising division and Mr. Shallenberger an agency development division.

Working with Mr. Bingay will be Albert C. Trussell, who continues as director of sales promotion; Paul Brower who is promoted to director of advanced underwriting, and Philip H. Oxnam who is advanced to director of market development.

Working with Mr. Shallenberger will be Howard E. Barnhill, who has been advanced to director of management training; and E. S. Jarrett, who continues as director of field training.

B. F. Granquist becomes superintendent of agencies in charge of agency administration. He was formerly director of agency office operations. L. T. Noel and Paul B. Willson, formerly assistant directors of agency office operations, are advanced to directors of agency administration.

Mr. Danford, a CLU, has been with Mutual since 1935, starting in Ohio.


James S. Bingay


R. U. Shallenberger

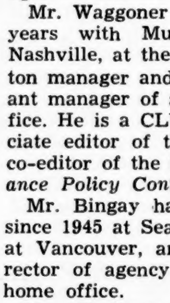
Since 1946 he has served as Cleveland manager, as superintendent of agency development at the home office, as assistant manager of sales, and most recently manager of module sales.

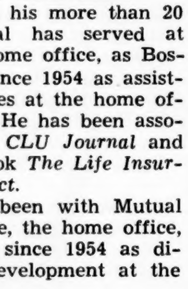
Mr. McAfee joined Mutual in 1946 after nearly 10 years as an army officer. He has served as assistant manager at Columbia, S.C., home office training assistant, manager at Columbia, and since 1952 as assistant manager of sales at the home office.

Mr. Waggoner in his more than 20 years with Mutual has served at Nashville, at the home office, as Boston manager and since 1954 as assistant manager of sales at the home office. He is a CLU. He has been associate editor of the *CLU Journal* and co-editor of the book *The Life Insurance Policy Contract.*

Mr. Bingay has been with Mutual since 1945 at Seattle, the home office, at Vancouver, and since 1954 as director of agency development at the home office.

Mr. Shallenberger entered insur-


H. E. Barnhill


B. F. Granquist

ance in 1946 and joined Mutual in 1953 after having been with World Insurance Co. in Omaha and as its general agent in New England and later in Indiana. He has been Mutual's director of A&S and sales since 1954.

Mr. Granquist has been in insurance nearly 32 years, having joined Equitable Society at Chicago and serving as a manager there, later becoming agency assistant at the home office. He joined Mutual in 1942, becoming assistant superintendent of agencies and being advanced more recently to director of agency office operations.

Mr. Barnhill joined Mutual in 1946


Paul Brower


Philip H. Oxnam

and has been manager at Des Moines since 1954 after serving at Cleveland. He is a CLU.

Mr. Mulvey joined Mutual after having been with Monarch Life and later with State Mutual, where he was assistant superintendent of agencies.

Mr. Brower has specialized in estate problems since 1937, having been engaged in law practice for six years. He was editor of Prentice-Hall's insurance and tax newsletter before joining Mutual in 1952 as consultant in advanced underwriting. He has been Mutual's advanced underwriting specialist since 1954, editing a regular bulletin on business insurance in aiding in the development of these coverages.

Mr. Oxnam entered insurance with Mutual in 1952 after 12 years in the ministry. He was assistant manager in Albany before being named training assistant at the home office last October.

First Federal to Offer 20,000 Shares of Stock

First Federal Life has filed a statement with securities and exchange commission seeking registration of 20,000 shares of $10 par capital stock.

The stock will be offered at $20.50 a share with no underwriting involved, to all class A and class B stockholders of Finance Co. of America, Baltimore. The statement said the company has a commitment from Louis Eliasberg, Louis Eliasberg Jr. and Richard A. Eliasberg, president, to buy any shares not acquired by the finance company's stockholders.

First Federal Life was organized recently under Maryland law and proposes to issue life, A&H and annuities. Net proceeds of the financing will be applied to $200,000 paid-in capital and $200,000 paid-in surplus.

Continental Assurance Names Taylor to A&H Post

Continental Assurance has appointed Lewis T. Taylor director of non-cancellable A&H sales, a new post. Mr. Taylor has been supervisor of non-cancellable A&H for the field services division.

Mr. Taylor joined Continental in 1950, subsequently serving as agent, agency assistant and agency secretary.

Connecticut General Life has moved its Washington, D.C., office from 1001 Washington building to larger quarters in the Carry building at 927 15th street, NW.

Expect Death Rate to Reach All-Time Low Point in 1955

Based on present indications, the death rate for 1955 among life policyholders in all probability will drop to an all-time low, according to an estimate by Institute of Life Insurance.

The rate is expected to be lower than in 1954, which was bettered only once before in history, during 1950. Final reports are expected to give 1955 a rate below both 1954 and 1950.

Tuberculosis again has recorded one of the best gains, the death rate declining 10% during 1955 to a level that is a small fraction of what it was 10 years ago.

There was little change in the cancer death rate in 1955. The rate from the range of heart diseases increased slightly, but was not much different from that of 1954 or 10 years ago. The Pneumonia and influenza rate increased slightly, but now stands at one-third that of 10 years ago. The accident fatality rate may be about the same as in 1954, despite an apparent rise in automobile deaths.

Increased health research and spread of medical knowledge among the people are responsible for saving "hundreds of thousands" of lives every year that would have been lost a generation ago, according to Dr. Louis L. Dublin, statistician and health and welfare consultant to the institute. Present research holds promise of important further gains in the future, particularly in cancer and the cardio-vascular diseases.

While most gains in past years were at the younger ages, the greater part of future gains will be at the older ages, when years of life can be added to the expectation.

Recent estimates, based on probable improvements, indicate that by 1970 men at 65 will have added 1½ years and women three years beyond their present life expectancy, Dr. Dublin said.

Bankers, Nebraska, Names New Medical Director

Bankers Life of Nebraska has appointed Dr. Lee Stover medical director. Dr. W. Allan Campbell, assistant medical director, resigned this month. He had been with the company since 1949.

Dr. Stover, who has been in private practice at Lincoln, Neb., since 1948, attended the University of Iowa and received his medical degree from the University of Chicago. He was a fellow and first assistant in internal medicine at the Mayo Foundation from 1940 to 1942 and again from 1946 to 1947 following army service. He received an M.S. in internal medicine from the University of Minnesota in 1947.

Ohio Underwriters Handbook Published

A new Underwriters' Hand-Book of Ohio has just been published by The National Underwriter Co. It provides complete and up-to-date information on the agencies, solicitors, companies, field men, general agents, groups and other organizations affiliated with insurance throughout Ohio. Copies of this 992 page Hand-Book may be obtained from The National Underwriter Co., at 420 East Fourth street, Cincinnati. Price is $12 each.

Glenn Sees 'Strong Sentiment' for Insurance to Bear More of State Governments' Costs

Judging from events of 1955, "strong sentiment" exists for the insurance business to bear a greater share of the cost of state government, Henry R. Glenn, associate general counsel of Life Insurance Assn. of America, declared in his report on the association's state legislative and legal activities this year.

Henry R. Glenn

It also seems reasonable to predict that tax problems and A&H regulatory proposals, among others, will continue to hold a prominent place in the federal and state legislative picture in 1956, Mr. Glenn said.

While proposed increases have not caused serious difficulties in recent years, depleted state surpluses and expansion of governmental functions, particularly in the social, educational and welfare fields, forecast spreading drives for additional tax funds. "Excessive taxes against life insurance will be averted only through the cooperation of all forces in our business."

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One of the most significant developments of 1955 has been the serious consideration by a number of legislatures to increasing the premium taxes. Eleven jurisdictions considered increases in premium tax rates. In eight of these, the proposals were defeated, but only after strenuous opposition in some. Alabama, Georgia and Oregon enacted increased premium taxes on life companies. Mississippi passed an emergency surtax, applicable to existing premium, income and other specified taxes, effective April 1, 1955, to June 30, 1956.

In the field of taxation of annuity considerations, some favorable signs can be reported despite the fact that Minnesota did enact a temporary two-year tax, Mr. Glenn said. Alabama and Wyoming reduced the tax and Tennessee enacted legislation providing for gradual elimination of this type of taxation. A measure to give relief in this field still is pending in New Jersey.

The most serious difficulty in the premium tax field arises in states where domestic companies either are not taxed on a premium basis or are given practical preferential treatment in computation of the tax, Mr. Glenn said. "In view of this situation, such companies often find themselves in a very understandable dilemma in determining whether their efforts should be directed toward a continuation of their present status, or whether they should join with out-of-state companies in opposing tax increases, the major portion of which fall upon the latter type of companies."

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A question also arises as to what position such companies should take when the legislation affects only out-of-state companies. A major decision of this nature should be made only by the companies concerned. However, the desirability of the problem should be considered from a long-range viewpoint, Mr. Glenn suggested.

"This is because if such companies expect to become increasingly engaged in activities beyond their borders, the retaliatory statutes cannot help but impose serious costs upon them for the privilege of doing business in the states where such statutes are in force." This single factor might prevent entrance to an otherwise favorable state for expansion purposes.

Future development well might be a present consideration in deciding a position on a pending tax proposal. An example of this point is found most recently in the decision made by the companies in one state to oppose any tax increase on out-of-state companies. It was estimated that retaliatory statutes in other jurisdictions would cause them to bear 10 times the amount of taxes which the state would have realized from the proposed instant tax on out-of-state companies.

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Second in prominence only to the 1955 tax problems were developments in the field of A&H regulation, Mr. Glenn continued. Reacting to press publicity pressures, a flood of adverse regulatory measures appeared in a large number of states. These reflected concern of the public and legislators over problems of cancellation, renewability, defenses based on preexisting health conditions, plus charges of false and misleading advertising of A&H policies. He pointed to laws passed in North Carolina and Ohio.

"Although all of the adverse legislation failed in other states, we are certain to continue to face serious legislative problems before the public clamor for additional regulation in the A&H field subsides." In connection with the need for additional sound legislation in this area, he noted that seven states adopted the NAIC uniform A&S policy provisions law in 1955, increasing to 41 the number of states where the law is in effect.

The interest of the states in regulating the field of insurance advertising, the area in which federal trade commission now seems to be primarily concerned, has been evidenced in the recent adoption by NAIC of an advertising code. The code is designed for adoption by all states to insure adequate regulation under fair trade practice acts or substantially similar regulatory controls.

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"In view of the fact that the question of federal trade commission jurisdiction, and its extent, is presently in litigation in a number of cases it is impossible to state with any degree of certainty just how far the several state laws discussed above, and regulations thereunder, will go in ousting the jurisdiction of the federal trade commission. Efforts will be made to secure regulatory legislation in the remaining states where needed in the hope, and in the belief, that such legislation will go a long way in meeting the congressional intent of public law 15, which preserves within the federal trade commission jurisdiction only to the extent that such business is not regulated by state law'." Efforts will be continued to secure enactment of the uniform unauthorized insurers service of processes act in states where needed. It has been passed in 39.

A significant fact is the marked increase of the volume of legislative work in 1955, in relation to the previous multi-session year, Mr. Glenn said. Legislative activity doubtless will continue to increase from year to year.

Developments in the field of union welfare funds "forecast a growing problem for our business which will require intensive efforts in the legislative field if we are to make the best contribution possible on behalf of the insuring public."

Mr. Glenn noted that LIAA's legislative responsibility is discharged jointly in cooperation with American Life Convention. "There is the closest cooperation and coordination existing between the two organizations and we wish to record here our thanks to the officers and staff of the convention for their contributions." He also expressed appreciation for the work of the joint legislative committee.

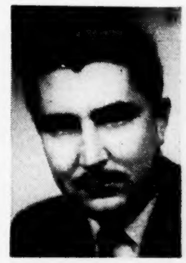
West Coast to Up Term Coverage by Dividend

West Coast Life will increase by 20% on Jan. 1 the amount of one-year term insurance provided by dividends under its special dividend option. The increase applies to policies in force as well as new issues.

West Coast is one of the few companies offering the option of using annual dividends to purchase one-year term coverage in addition to the four conventional dividend options.

Nadalin Heads Brokerage for Republic National Life

Edward R. Nadalin, formerly assistant agency superintendent for United States Life, has been named brokerage director for Republic National Life. He began his career with John Hancock.



Edward R. Nadalin

For U.S. Life, Mr. Nadalin worked out of the Chicago home office setting up and developing brokerage agencies in the midwest.

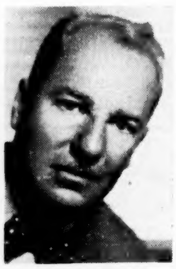
Stoakes New President of Los Angeles A&H Managers

LOS ANGELES—A&H Managers Club of Los Angeles has elected **F.** Kenneth Stoakes of Loyal Protective Life as president; Richard H. Dutwiler, National Casualty, vice-president, and R. D. Winsor, Auto Club of Southern California, secretary-treasurer. The election followed the Christmas party.

Pan-American Life Raises 11 to Higher Executive Status

NEW ORLEANS—Pan-American Life has advanced Friend W. Gleason from vice-president and secretary to senior vice-president; John Y. Ruddock from vice-president and actuary to senior vice-president; Franz Hindermann from vice-president and treasurer to vice-president and secretary; Fritz G. Lindley from superintendent of Latin American operations to vice-president; Richard L. Hindermann from director of public relations to vice-president, public relations; W. Dick Pfeffer from assistant secretary to treasurer; Edward R. Arnold from assistant controller to controller; Waldo E. Francois from assistant treasurer to assistant treasurer and manager of


Friend W. Gleason


John Y. Ruddock

the mortgage loan department; Raymond A. Nolan from assistant treasurer to assistant treasurer and manager of the bond department; Jules F. Peytral from assistant to the public relations director to assistant director of public relations; and Eugene Rivero, who joined the company last September, to sales promotion supervisor for the Latin American department.

Mr. Gleason will continue as head of the investment department. He has been with Pan-American since its organization in 1912. He became vice-president in 1927 and was given the additional title of secretary in 1930. He became a director in 1939.

Mr. Ruddock joined Pan-American in 1937 as vice-president and actuary and became a director in 1948. He is a fellow of the Society of Actuaries and was formerly an actuary with Columbian National and before that with an actuarial firm in New York City. He has been instrumental in developing Pan-American's machine accounting department.

Franz Hindermann joined Pan-American in 1914 in the field organization. He has been treasurer since 1927 and vice-president as well since 1944, and a director since 1948. He will turn over his treasurer duties to Mr. Pfeffer.

Mr. Lindley joined Pan-American in 1953 to take charge of Latin American operations. He was formerly a


Franz Hindermann


Fritz G. Lindley

member of the Mexico City sales organization of Pan American de Mexico and was a charter member of its Millionaires Club.

R. L. Hindermann has been with Pan-American since 1941. On his return from coast guard service in 1946 he became supervisor in the investment department and was made an assistant secretary in 1947. He was director of sales promotion from 1949 until 1953, when his title was changed to director of public relations and he was placed in charge of all advertising and public relations activities. He has served as chairman of the Southern Round Table of Life Advertisers Assn. and as secretary of the national body. He is arrangements chairman for the 1956 annual meeting, to be held in New Orleans.

R. L. Hindermann is a son of the new vice-president and secretary.

Mr. Pfeffer, who joined Pan-American in 1918, has been assistant secre-


R. L. Hindermann


W. Dick Pfeffer

tary since 1932, after having been assistant mortgage loan manager.

Mr. Arnold went with Pan-American in 1928 and has been assistant controller since 1950.

Mr. Francois has been with Pan-American since 1929, in the investment department. He has been an assistant treasurer since 1944.

Mr. Nolan joined Pan-American in 1930 and was named assistant treasurer in 1948.

Mr. Peytral joined the company last April after serving as assistant public relations and advertising manager of Lykes Bros. Steamship Co.

Before joining Pan-American Mr. Rivero was copy chief of the Noble Advertising Co. of Mexico City.

L. T. Filippi New Chairman of Chicago Accountants

Lawrence T. Filippi, United, is the new chairman of Greater Chicago Insurance Accounting & Statistical Assn.

Other officers are Richard H. Bohm, Allstate, vice-chairman; Herbert Henzie, Hartford Fire, secretary, and Russell D. Bell, Combined,

FTC Ties in Claims with Ads in Mutual Benefit H&A Case

By ELOISE WEST

NEW YORK—The question of how close a claim, or a complaint concerning a claim, is to advertising and what bearing a claim has on whether or not Mutual Benefit H.&A. was using false and misleading advertising in 1953 and 1954 was brought up time and again during the first day of the federal trade commission hearing against the company here.

Examiner Lipscombe repeatedly overruled the objection against the admission of such evidence, but without prejudice so that James Welch, counsel for the insurer, could bring the matter up again when the record of the hearing is complete.

At the second day of the hearing here, which began in Washington, D.C., transferred to New York City, Philadelphia and back to Washington, P. R. Dixon, FTC counsel, and Mr. Welch obtained a decision on whether or not the statements of an agent to a prospect came within the scope of the complaint which charges Mutual Benefit H.&A. with disseminating false and misleading advertising.

Mr. Welch contended that the policy states that the company is not bound by any statement of the selling agent unless the statement is written on the application. Since an agents' statements are not advertising in the commonly accepted sense of the word, they should not be included in the hearing, he concluded.

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Mr. Dixon stated he believed such statements of agents were pertinent since the agent called on the prospect as a result of the advertising and that any misunderstood statements in the advertising were to be explained by the agent.

Mr. Dixon called a parade of victims of claims that were not paid or were not paid to their satisfaction. As each explained his trouble in not receiving personal satisfaction in payment, Mr. Welch objected that this was a claim matter and the claim settlement policies of the company were not under question.

The victims, from New York, New Jersey and Connecticut, were protected by the fair trade practices laws which have been passed in those states, Mr. Welch argued. He called attention to the ruling of Examiner Hier which held that the FTC has no jurisdiction in states which have fair trade practices laws. Mr. Welch moved that the entire list of witnesses to be called by Mr. Dixon be stricken because "I honestly believe these witnesses have no standing in these proceedings." The motion was denied.

It was apparent that the FTC was trying to discount the insurer on the basis of claim settlements.

One witness denied knowing about signing a statement which agreed to a settlement of claims over a period of time. He remembered, he said, signing the specific disease exclusion which was appended to his policy. The claims manager of the Newark general agency of the company was asked to appear voluntarily to explain the settlement statement. He said the policyholder signed the statement when he was given a payment prior to the end of the claim period because he needed the money. Mr. Dixon expressed surprise that an insurer would pay a claim before the end of a disability.

Another witness, who purchased a policy in 1947 and dropped it in 1948, was objected to by Mr. Welch on the grounds that the policy purchase was too remote from the time stated in the FTC complaint—1953-54. Mr. Lipscombe sustained the objection and Mr. Dixon put her on the stand as a public witness. She explained what certain advertisements meant to her.

One ad, which contained such statements as "payment up to $300 for surgery" after the policy had been in effect for 30 days except for certain ailments which were excluded for six months after policy date, brought the following question:

"If you had taken out the policy, and a year or 11 months later you found it was necessary to have an operation, would you expect to collect $300?"

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The witness said that it would depend on the nature of the operation, as stated in the advertisement. Asked if the operation were one of those excluded for six months, what she would expect to receive, she answered she would expect to get what she paid for the operation. Possibly not $300, but if the cost were $299, she would expect to get it.

One witness stated that the agent had told him certain things not in the policy, had filled out the application, often without asking him the questions stated thereon and he had signed it. He could not identify any particular advertisement that he had read. Mr. Welch objected to the testimony on the ground that during the time the witness was considering buying the insurance, and after he did buy it, Mutual Benefit H.&A. was in contact with the FTC and trying to make its advertisements conform with what the commission wanted. Examiner Lipscombe held that the man couldn't be expected to remember which advertisement he had read two years ago and that the advertisements were similar in many ways.

This witness said that the agent, when told about past gall bladder attacks the witness' wife had had, had said "I didn't come here to talk about past illness, I came here to insure you." Mr. Welch again objected saying that statements of the company agents did not bind the company unless they were written on the application.

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The witness wrote the New York insurance department after the company returned the premium and refused to insure on grounds that the policyholder had misrepresented the pre-existing condition of his wife. The department refused to intervene.

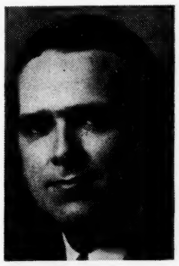
Another victim stated that he had had three policies with Mutual Benefit H.&A., one presently in force, one he cancelled and one the company cancelled in 1950.

Although a spokesman for the company had testified that the company does not cancel policies but retains the right to refuse renewal at premium due date, Mr. Welch objected to the testimony concerning the cancellation because, he said, the company's policy on cancellation was not at stake. He also objected that the policy in question had been issued in 1948 and cancelled in 1950, which was not in the period of time at issue.

Examiner Lipscombe agreed and said, "If the respondent has sinned, examine more recent sins."

Fred Sibley V-P of Columbian National

Columbian National Life has appointed Fred S. Sibley vice-president and director of sales.


Fred S. Sibley

Mr. Sibley, who will assume his duties in January, has been vice-president in charge of the agency department of Pacific Mutual Life. He entered the business with Travelers and held various field and home office posts before going to Pacific Mutual.

Mr. Sibley succeeds Charles C. Robinson, vice-president and manager of agencies, who resigned Oct. 1.

Texas to Investigate 'Fitness of Management' of Two Life Companies

The first application of the new Texas law allowing the board of commissioners to investigate the fitness of management of insurers will be made Jan. 5 at two hearings at Austin at which U. S. Life of Waco and American Atlas Life of Dallas will be asked to show cause why their licenses should not be revoked.

U. S. Life is a member of the U. S. Trust & Guaranty group of Waco and American Atlas Life is one of the American Atlas Corp. companies. In both groups there have been spectacular failures of fire and casualty companies, the U. S. Trust group involving the banking aspect of the property insurer with liabilities estimated at $5 million in excess of assets.

A. B. Shoemaker is president of U. S. Trust & Guaranty and the commissioners said they want to determine Jan. 5 whether he is still president of U. S. Life. Joe B. Irwin is the president of American Atlas Life. In the American Atlas group there has been an insolvency of Home Service Casualty of Dallas and All American Home Lloyds of Dallas and there is an investigation into the financial condition of Dallas Fire & Casualty.

In the U. S. Trust & Guaranty group, the parent company has failed and there is a financial investigation of the affiliated Arkansas F. & M., United Service Automobile and Southern Medical & Hospital Services.

Apparently there is no question at the present as to the solvency of either American Atlas Life or U. S. Life.

Guardian Names Simon Manager at Rochester

Guardian Life has appointed William A. Simon manager at Rochester, N. Y., effective Jan. 1.

Mr. Simon, who has been with Connecticut Mutual Life in Rochester since 1947, succeeds Glen M. Reem. Mr. Reem is relinquishing managerial duties, but will continue as associate manager and devote his time to personal clients. Mr. Reem joined the company as manager at Detroit in 1936 and transferred to Rochester in 1941.

Midland Mutual Remodels

Midland Mutual Life has moved its machine accounting department operations into a converted auditorium on the third floor of the home office.

Features of the remodeled quarters include the use of overhead trolleys to supply electrical current to the machines; side walls and ceiling have been acoustically treated; illumination is provided by 110 foot candles of light at desk level, making it impossible to produce a shadow in the room, and increased air conditioning capacity to compensate for the heat output of new electronic equipment.

Two new high speed IBM card sorters have been installed, and two other accounting machines are scheduled for installation early in January.

Eleanor Dowling, Former NALU Aid, Will Sell for D. B. Fluegelman Agency

NEW YORK—Mrs. Eleanor Dowling, who for eight years prior to her resignation Oct. 1 was executive assistant at National Assn. of Life Underwriters headquarters, has joined Connecticut Mutual's David B. Fluegelman agency here as an agent. She is the first woman agent to be appointed by Mr. Fluegelman since he became a general agent in 1953 after completing his term as NALU president.


E. B. Dowling

At NALU Mrs. Dowling served as aid to the membership and the education and training committees, and was editor of the Wheelhorse news-letter from its inception in 1951. She was in newspaper and free-lance publicity work before joining NALU. She recently wrote 16 biographical episodes for an album commemorating the 250th anniversary of Benjamin Franklin's birth.

Pru Grants Pay Raises to Office Employes

Prudential has granted salary increases, averaging slightly under $5 a week and effective immediately, for office employes earning less than $10,500 a year at all company offices.

The minimum increase under the program will be $4 a week for full-time employes in the lowest wage brackets.

Combined Group Gives Manager Awards at Meet

Combined group has awarded its "maker of miracle men" sales motivation award to Al Allen, First National Casualty, Fond Du Lac, Wis., and Robert Curran, Hearthstone, Framingham Center, Mich. Manager of the year awards went to Miss Vicki Armstrong, Hearthstone, Fresno, Cal., and B. W. Ableman, Combined American, Dallas. The presentations were made by W. C. Stone, president of Combined group, at the group's managers Miami sales conference.

Personnel problems were emphasized at the meeting which included discussion of personal leadership of salesmen by managers, supervision, motivation, methods of hiring and training, and office procedures.

More than 300 managers and their families attended the week long program.

Henry Smith Leaves N. Y. Department

NEW YORK—Henry N. Smith, general counsel of the New York insurance department and with the department since 1931, has resigned to go with Public Service Mutual, New York City fire-casualty insurer, as an attorney and vice-president. William Blake, deputy superintendent, also has resigned to become chief assistant to the district attorney in Queens. Superintendent Holz was host at a luncheon in New York for both men.

See Family Life in Force in 1956 at $400 Billion

U.S. family life insurance in force may exceed $400 billion next year for an average of $7,000 per family, according to Institute of Life Insurance.

Expectations of the new peak stem from the probability of a sustained high level of the economy and from evidences of families' determination to advance their protection of the better living standards now achieved, the institute said.

Life sales in 1956 well may exceed this year's record $47.4 billion. Group life can be expected to show material gains as more small groups take advantage of the recent changes in many state laws to permit coverage down to 10-person groups.

The greater part of the gain, however, will come from individual life sales as more families set up programs to provide well-rounded protection. Ordinary sales may pass the $35 billion mark.

Trustee funds of life insurance in 1956 will grow to a new level, aping the $100 billion mark. The net increase probably will be well over $6 billion.

There will be the initial flow of these funds into financing the new "jet age" as large sums are loaned to airlines for new equipment. Automation also will be aided by insurance funds.

Home and farm financing, capital funds for small business, heavy industry, utilities, railroads and other basic old channels will receive their share of the capital.

Mass. Mutual Group Appointment

Massachusetts Mutual Life has appointed Michael G. Evans district group representative at Dallas. He has been in group insurance at Dallas for two years.

BERNARD J. SEEMAN, 64, general counsel of Woodmen of the World of Denver, died in his home in Denver following a four months' illness. Mr. Seeman had been with the organization since 1941. He was active in National Fraternal Congress.

252 in First List of 1956 MDRT Qualifiers

(CONTINUED FROM PAGE 1)

Winston H. Robbins, Equitable, Iowa, Lafayette, Ind.; Arthur I. Sandberg, Connecticut Mutual, Chicago; W. Franklin Scarborough, New England Life, Ridley Park, Pa.; Sherman O. Schumacher, Provident Mutual, Akron; Robert O. Segal, independent, New York City; C. Milton Sherman, Connecticut Mutual, Toledo; Jacob W. Shoul, Mutual New York, Boston; Henry Fluegel Silver, New England Life, New York City; L. A. Spencer, Equitable Society, Youngstown, O.; Frankland F. Stafford, State Mutual, New York City; Lewis T. Stearn, Northwestern Mutual, Minneapolis; Roy E. Stringer, State Mutual, Detroit; Dix Teachenor,, Kansas City Life, Kansas City; Wayne M. Trostle, Massachusetts Mutual, Cleveland; Irving Weinberg, Connecticut General, New York City; Richard Jay Wilcox, New England Life New York City; Ervin C. Woller, Central Life, Iowa, Milwaukee.

Life Members (47)

Robert O. Bickel, National, Vermont, Cedar Rapids, Ia.; Robert L. Blue, Continental Assurance, Miami; Leon A. Brown, Excelsior, Winnipeg; Robert A. Brown, Pacific Mutual, Los Angeles; Mrs. Eunice C. Bush, Mutual, New York, Baton Rouge; Tressler W. Callihan, New England Life, Boston; Harold M. Charlap, Sun Life of Canada, Philadelphia; Maurice C. Chier, Continental Assurance, Milwaukee; Quan Lun Ching, Prudential, Honolulu; Landon B. Davies, Massachusetts Mutual, Baltimore; Harry I. Davis, Massachusetts Mutual, Atlanta; Alfred C. Duckett, Northwestern Mutual, Los Angeles; Paul E. Garrett, Ohio National, Spokane; Alfred E. Gaumer, California-Western States, Red Bluff, Cal.; O. Alfred Granum, Northwestern Mutual, Milwaukee; J. Robert Guy, Northwestern Mutual, New York City.

Clay W. Hamlin, Mutual Benefit Life, Buffalo; Rolla R. Hays, Jr., New England Life, Los Angeles; Ralph H. Henshaw, Franklin Life, Philadelphia; Warren J. Hopwood Jr., Great-West, Winnipeg; John R. Humphries, Massachusetts Mutual, Atlanta; Lambert M. Huppeler, New England Life, Boston; Harold B. Jones, American National, Oakland, Cal.; J. D. E. Jones, Equitable Society, Providence; Dan A. Kaufman, Northwestern Mutual, Evanston, Ill.; Harry Levey, Manhattan Life, Beverly Hills, Cal.; Henry M. Meese, Travelers, Davenport, Ia.; Louis Meister, Mutual, New York, Hartford; Stelios Nickells, United States Life, Tokyo; George A. Novell, Prudential, Arcadia, Cal.; Gerald W. Page, Provident Mutual, Los Angeles; Ned G. Patrick, Massachusetts Mutual, Omaha; Albert Phillipson, Northwestern Mutual, West Orange, N. J.

Samuel D. Rosan, Continental Assurance, New York City; Charles T. Rothermel Jr., John Hancock, Chicago; William I. Russell, Northwestern Mutual, Detroit; Francisco J. Salas-Berti, Pan-American, Caracas, Venezuela; Charles H. Schaaff, Massachusetts Mutual, Springfield, Mass.; Thomas M. Scott, Penn Mutual, Philadelphia; Wesley S. Shafto, Mutual, New York, Monroe, La.; Harold N. Sloane, Continental Assurance, New York City, Louis P. Small, United Life & Accident, Worcester, Mass.; Henry C. Stockman, Sr., New England Life, Newark; Clarence J. Strouss, Jr., Northwestern Mutual, Youngstown, O.; Samuel J. Sugar, Penn Mutual, Washington, D. C.; Gerard B. Tracy, independent, New York City; Jerry Wertheimer, United Fidelity, Dallas.

Life and Qualifying, First Time

Kenneth E. Anderson, Kansas City Life, Sterling, Colo.; Paul Avery, Southwest Republic, Longview, Tex.; Thomas R. Buchanan, New York Life, Arlington, Va.; J. Dallas Corbiere, Mutual Benefit Life, Boston; Ray K. Farris, New York Life, San Jose, Cal.; Thomas A. Ferns, Equitable Society, Akron; Irwin M. Flaster, Security Mutual, N. Y., Newark; Philip Goldberg, National, Vermont, New York City; William H. Goldsmith, Prudential of England, Toronto; Maurice Goldstein, New England Life, Charleston, S.C.; Joseph R. Hathaway, New York Life, Glendive, Mont.; Joel M. Huberman, Equitable Society, Boston; Isaac M. Kanarish, New York Life, Chicago; Mortimer Louis Levy, Imperial Life, Toronto.

John J. McKenna, New York Life, Butte, Mont.; Roger Martel, Alliance Nationale, Montreal; W. E. Meckenstock, Penn Mutual, Oberlin, Kan.; George W. Morris, Prudential Amarillo, Tex.; Russell T. Mutschler, Prudential, Merchantville, N.J.; Burton B. Resnik, Massachusetts Mutual, New Haven; William Rosenfeld, Lincoln National, Greenville, S.C.; John B. Sanders, Franklin Life, Lake Charles, La.; Karl H. Schmidt, National, Vermont, Akron; Gordon A. Snell, Prudential of England, Toronto; John E. Steger, Massachusetts Mutual, St. Paul; Henry C. Stockman Jr., New England Life, Newark; John B. Stoudemire, Massachusetts Mutual, Jacksonville, Fla.; Sidney O. Thompson, New England Life, New York City; David Waldman, Travelers, Baltimore; Jack E. White, New York Life, Dothan, Ala.; Harry E. Workman, New England Life, Cleveland.

Qualifying, Repeating

William G. Adams, Aetna, Toledo; Clark L. Alworth, North American of Chicago, Honolulu; G. Martin Blakely, Equitable Society, Portland, Ore.; Robert C. Brand, National-Vermont, New Canaan, Conn.; Ernest L. Buchanan, Great Northwest, San Francisco; Gordon Coryell, Mutual, New York, San Francisco; Fred J. Cox, Massachusetts Mutual, San Antonio; Jospeh J. Edelstein, Massachusetts Mutual, Hempstead, N.Y.; Harry Gateley Jr., Southwestern, Fort Worth; Maury Goosenberg, Massachusetts Mutual, Philadelphia; Albert Greenhouse, Mutual Benefit Life, New York City; Douglas J. Hannah, Massachusetts Mutual, Springfield, Mass.; Thos. G. Harrison, New England Life, Nashville; Myron A. Hecht, Continental Assurance, Chicago; Bernard B. Hoffman, Manhattan Life, Buffalo; Fred F. Jaeger Jr., independent, Columbus, O.; Hunter A. McGeary, Mutual Benefit Life, Pittsburgh; Wallace McGwire, New York Life, Newark; John F. Miller, Prudential of England, Halifax, N.S., Felix E. Mock Jr., New York Life, Detroit.

Dan Nelson, Northwestern National, Minneapolis; Umberto A. Palo, Prudential, New Brunswick, N.J.; A. Carlton Park, London Life, Hamilton, Ont.; Jerome H. Pennock, Penn Mutual, Philadelphia; Philip M. Philibosian, Prudential, Okland, Cal.; Julian H. Pitzele, New York Life, Chicago; Bernard Rawiszer, New York Life, New York City; Leo R. Schuster Jr., General American, El Paso; Clare G. Sharkey Jr., John Hancock, Dayton, O.; Forrest G. Sherer, Equitable, Iowa, Terre Haute, Ind.; William M. Smock, Provident Life of N.D., St. Paul; Thomas A. Sullivan, New York Life, El Paso; Richard H. Tarr, New York Life, Hanford, Cal.; Richard O. Trent, Mid-America Life, Oklahoma City; Raymond F. Triplett, New York Life, San Jose, Cal.; Knox Turnbull, Provident Mutual, Charlottesville, Va.; Philip A. Watson, Connecticut Mutual, Chicago; William F. White Jr., Union Central, Corpus Christi; Johnny Wright, Southland, Tyler, Tex.

Qualifying, First Time

Herschel M. Alton, Kansas City Life, Phoenix; David J. Blatt, Mutual, New York, West Palm Beach, Fla.; Daniel S. Busch, Massachusetts Mutual, New York City; James Byrd, New York Life, Atlanta; Harold C. Colborn, Penn Mutual, Philadelphia; M. Wesley Douglas, Kansas City Life, Phoenix: Robert S. Frantz, Massachusetts Mutual, Enid, Okal.; Harold Goldberg, Union Casualty & Life, Hempstead, N.Y.; William D. Goldfarb, Southwestern, El Paso; Sigmund M. Hyman, New England Life, Baltimore.

Robert F. Ives Jr., Massachusetts Mutual, Cincinnati; Hans Kaufmann, Franklin Life, Baton Rouge; James R. Kitchen Jr., Northwestern Mutual, Montgomery, Ala.; Leo C. Lob, Home Life of New York, New Orleans; Dan N. Perry, Southwestern, Temple, Tex.; Walter S. Phelps, Ohio National, Detroit; Rea H. Quackenbush, Connecticut General, Ft. Lauderdale; William E. Rhodes, Fidelity Union, Dallas; Walter L. Richardson Jr., New York Life, Cincinnati; Tower C. Snow, Connecticut Mutual, Boston.

LAA Committee Chairmen

Life Insurance Advertisers Assn. has appointed these standing and special committee chairmen for 1955-56:

John L. Briggs, Southland Life, annual meeting; William C. Heimburg, New York Life, education; Henry M. Kennedy, Prudential, coordinator of research projects committees; George Powell, Great-West Life, sales promotion; Stanley M. Richman, General American, public relations; Joseph M. Loche, Gulf Life, advertising; A. H. Thiemann, New York Life, institutional relations; George Pease, Equitable of Iowa, membership; Jack R. Morris, Business Men's Assurance, standards of practice; and Harry E. Nelson, Life & Casualty of Tennessee, press.

Round table chairmen are Robert A. Adams, Provident Mutual Life, eastern; Myron Jones, Union Central Life, north central; and Loflin E. Harwood, Southwestern Life, southern.

Pa. Moves Dependents' Group Coverage Bill

A bill to authorize coverage of spouses and children of persons insured by group life in Pennsylvania has been introduced in the state senate and referred to the insurance committee.

The family group plan could be put into effect if 75% or more employes or members elect the extension. The bill would provide these maximum amounts of insurance for children: under six months, $100; six months and under two years, $200; two years and under three years, $400; three years and under four years, $600; four years and under five years, $800; five years and older, $1,000. The $1,000 maximum also would apply to the spouse.

Commonwealth Field, Home Office Appointments

Commonwealth Life has appointed Herbert L. Aiken and George Stark agency assistants at the home office, and James W. Kelley and John P. Brogneaux managers of new agencies in Lafayette and Bloomington, Ind., respectively.

Before joining Commonwealth last September Mr. Aiken was assistant manager at Louisville for Occidental Life of California. Mr. Stark, formerly manager of Jefferson Standard Life at Williamson, W. Va., is a graduate of the Purdue course.

Mr. Kelley has been with Commonwealth since 1954 and Mr. Brogneaux since last July.

Urges Med.cal Cover Plan for GI Dependents

Rep. Vinson of Georgia, chairman of the House armed services committee, has called for Congressional approval of a government-supported insurance plan to help provide medical care for dependents of servicemen. He said his committee hopes to present the plan to the House at the forthcoming session of Congress.

Defense Department has proposed a plan under which a serviceman could buy medical insurance on his dependents for $3 or less a month. Dependents now receive free medical care if military facilities are available, but Maj. Gen. George E. Armstrong, army surgeon general, has complained that this interferes with regular duties of service physicians.

Pan-Am Names Lenard

Lloyd E. Lenard

Pan - American Life has appointed Lloyd E. Lenard general agent at Shreveport, with offices in the First National Bank building.

Mr. Lenard entered the business with Aetna Life at Monroe in 1952. He was named agency supervisor at Shreveport in 1953 and later was appointed assistant general agent.

Harmelin agency of Columbian National Life in New York City is conducting a free five-lecture course to prepare brokers for the Jan. 19 New York State life agent's examination.

Business Men's Names Six Branch Managers

Business Men's Assurance has appointed six managers. Four will be in

L. F. Finnell

L. E. Moates

charge of newly established branches at Miami, Tallahassee, Oakland and Spokane, and two will fill the vacancies created by the retirement of Denver Manager E. F. Gregory and the death last October of Sacramento Manager A. J. A. Johnstone.

The Tallahasee office was opened as

R. F. Hanney

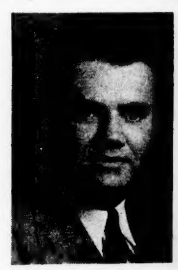
B. L. Hewitt

a district in 1954 under Lewie E. Moates who now becomes manager. Mr. Moates, with the company since 1953, has been responsible for the development of the Tallahassee territory.

The Miami district was started in 1953 under Leroy F. Finnell who now becomes manager. Mr. Finnell joined B.M.A. at Kansas City in 1946, become a district supervisor in 1947, and went to Miami in 1953 as district manager to develop the territory.

Berl L. Hewitt, named to head the new Oakland Branch, has been in

H. C. Pogue Jr.



W. G. Chatham

charge of the Oakland district office since 1954. He joined B.M.A. in 1953 at San Francisco.

Roy F. Hanney, heading the Spokane district since 1952, now becomes manager there. With B.M.A. since 1941, Mr. Hanney was at Wichita before his transfer to Spokane.

W. G. Chatham, district manager at Drain, Ore., for the past year, is the new manager at Sacramento. He joined the company in 1951 at Portland.

H. C. Pogue Jr., who has been assisting Mr. Gregory at Denver since 1954, now becomes manager. Mr. Pogue joined B.M.A. in 1939 at Kansas City and was appointed a district supervisor there in 1953.

Colonial Names Blondel

John Blondel, president of John Blondel & Son, fuel distributors and heating contractors of Montclair, N. J., has been elected to the board of Colonial Life.

N. W. Mutual Policies Feature Flexible Options

(CONTINUED FROM PAGE 1)

waiver rates have been reduced for all but the youngest and oldest applicants. In term insurance the waiver rates are being varied by plans, resulting in significant decreases in the shorter period plan.

Another rate reduction is in the single premium refund annuity where rates will go down from 5 to 8½%. The reduction was made possible by increased interest earnings.

Considerable effort was put into improving the policy itself with the accent being placed on simplicity. The new ordinary life policy will be only eight pages long. Most companies issue 10 or 12-page policies.

The format and the arrangement were changed to facilitate usage. Settlement options and disability benefit provisions are placed near the beginning where they will be easier to find.

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The new policies will be easier to read. The entire body of the policy is rewritten, and a modern type face is used. An attempt has been made to eliminate unnecessary legal phrases and to break long thoughts into short sentences. The average sentence contains 28.7 words, as compared with an average of 41.7 words in policies of some 25 leading companies, according to Mr. Fitzgerald.

Northwestern Mutual began using owner-type policies in 1954 on an experimental basis, recognizing the distinctive role of the owner where he is not the insured. Now since about 40% of the applications by amount are other than by the insured, the owner policy is being adopted as the standard form, replacing a number of previous forms. In personal insurance cases, the applicant will take on the dual status of insured and owner.

In another change, the family income policy will become the increased protection policy. The name-switch was made because of the plan's frequent use in business situations.

The rate book and rate card have been revised in format. The new rate book will be in loose leaf binder form, 8½ by 11 inches in size. Pages will be printed from plates prepared directly from punched card rate listings.

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Because of the large size of the new rate book, the rate card has been expanded into an abridged rate book. The abridged book will contain extensive figures for the 10 most popular plans which make up more than 90% of the company's business.

Mr. Fitzgerald described the company's new classified insurance as "different from and more liberal than the usual concept of substandard." Elgin G. Fassel, senior actuary, estimated that Northwestern Mutual will be able to insure about 95% of all those insurable as substandard risks.

Initially, the company will reinsure a portion of its classified business. Mr. Fassel explained that reinsuring would be on a sliding scale so that at the end of 10 years the company would assume the entire risk.

An exclusive feature of the classified program will be an unusual conditional receipt. When a pre-paid applicant for standard coverage turns out to be a classified risk, his conditional receipt entitles him to automatic coverage of a proportional amount of classified insurance up to 15 days. According to general underwriting practice, the conditional receipt would not hold and he would not be covered.

There will be two types of extra premiums. One will vary according to the insured's age, the plan of policy, and with the degree of hazard. Varying only with the degree of hazard, the other type is concerned with occupation, travel, residence and a few medical impairments. The extra premiums may be temporary or permanent, depending upon the duration of the extra risk. There also will be a limit on how long the higher extra premiums must be paid. If a class extra premium is $15 a thousand or more, it will be limited to half the time from the issued date to the insured's 94th birthday.

In calculating the additional risk of classified applicants, Northwestern will use a numerical rating system for the first time. The company plans to cover the vast majority of extra mortality risks, Mr. Fassel said. Insurance limits will vary with the degree of risk but in all cases will be lower than for standard coverage.

Mr. Fitzgerald said no personnel changes are intended in the home office to handle classified insurance, mentioning that the present staff has been especially trained to handle this business.

Warns Against Charging Insured Patients Top Fees

(CONTINUED FROM PAGE 3)

ical science, you also must teach him, more thoroughly than ever before, how he, in using them, can best serve society in our industrial world." He urged that teaching of public health, industrial medicine, medical administration and related essential subjects be integrated with clinical instruction of medical students so they will be better prepared to become responsible and respected leaders in solving nation-wide health problems. Such training, he said, will give all medical students a broader socio-medical foundation, and will increase their recognition of important, non-clinical specialties and attract more of them to medical administration.

Dr. Kiefer said this could be accomplished best by installing, in teaching concepts—particularly among clinical faculties, an expanded philosophy of medical service rather than by adding a number of new courses.

"We must broaden our concepts and widen our horizons of services to the health of the nation," he said.

Equitable of Iowa to Make Change at Philadelphia

Equitable Life of Iowa soon will make a change in its Philadelphia general agency, headed since 1936 by a partnership composed of Allan D. Wallis and his son, M. Roos Wallis. In latter years Roos Wallis has been responsibile for agency development. Always a heavy personal producer, Roos Wallis has requested that he be released from managerial responsibilities so that he can devote full time to production. The company has agreed to this, effective upon the appointment of a successor.

Allan Wallis has been with the company as general agent since 1915. For 13 years before that he was with New York Life as agency director in Philadelphia. Roos Wallis has served as president of Philadelphia CLU chapter and of Atlantic Alumni Assn. of LIAMA schools in agency management. Both will remain with the company under direct contracts.

Boston Group Representatives Assn. heard Thomas J. Connell, Connell, Price & Co., Boston consultants, speak on group today as the consultant sees it.

Mutual Opens Raleigh Agency; Other Changes

NEW YORK—Mutual of New York has appointed Delma R. Johnson manager of a new agency in Raleigh, N. C., effective Feb. 1. He has been a training assistant at the home office and was formerly assistant manager at Richmond. The new agency will serve 53 North Carolina counties presently handled through the Charlotte agency, which will retain the remaining 46 counties.

Delma Johnson

Effective Jan. 1, Benny A. Maynard, manager in Davenport, will be advanced to Des Moines manager. Don Clawson, field training staff member at the home office, becomes manager at Oak Park, Ill. Mr. Maynard succeeds Howard E. Barnhill, who has been named director of management training. Mr. Clawson succeeds Theodore I. Wallace, who resigned.

Mr. Johnson joined Mutual in 1949 in Richmond, became assistant manager there in 1952 and has been training assistant at the home office since 1954. He is a past president of the Peninsula Life Underwriters Assn. and 1st vice-president of the state association.

Don Clawson

Benny Maynard

Mr. Maynard joined Mutual in 1945 at Wichita, becoming Davenport manager in 1950.

Mr. Clawson entered life insurance in Chicago six years ago after experience there in personnel management. He was with Equitable Society and State Mutual before joining Mutual earlier this year.

George H. McClure, president of Bank of Chicago, has been elected a director of **Fidelity Life of Illinois.**

EDITORIAL COMMENT

Legislative Protection Is a Necessity

From time to time news dispatches from state capitals or from Washington, D.C., carry lists of paid "lobbyists" who have represented, during sessions of the legislature, associations, corporations, and the like. A recent one from a state capital listed 35 individuals representing 42 companies and organizations. Five individuals were named as representing four insurance companies or organizations, and of the four three were individual life insurers.

The term "lobbying" has a distasteful sound to the ear of most readers of newspapers. Undoubtedly, the term "legislative counsel" would more precisely describe the activities of those who furnish legislative advice to groups interested in protecting themselves from bad legislation or in encouraging legislation favorable to themselves.

The appointment of someone acquainted with the legislative processes of state or federal governments, for protective or promotional reasons, no longer is optional, if it ever was. Such representation is a necessity. Probably in this way there occurs the promotion of some objectives which are more beneficial to those who are promoting them than they are to the public, even though they are not harmful and may also be beneficial to the public. There may even be a few influences exerted which definitely are not of public benefit.

But in a country where there is and always has been so much legislation, and in these times of extremely complex and important inter-relationships in the economy, the legislature has become one place where it is essential to stand and protect or go to promote. Legislators go to legislatures to legislate. So many pressures are thus set in motion, so many dust devils set to blowing, that a consistent, efficient watch must be set up by business firms and businesses to guard against being hamstrung, delimited and even put out of business.

Interestingly enough, one of the recent dispatches from a state capital lists a payment of $500 during the legislative year to a "lobbyist" for Yale university, which was interested in a bill that placed restrictions on the solicitation of funds by out-of-state organizations. Other businesses and activities represented by "lobbyists" included utilities, savings banks, real estate boards retirement funds, bankers, brewers, broadcasters, taxpayers, street railways, railroads, racetracks, textile mills, oil companies, nurses, milk dealers and road builders.

Usually the interest of a business in having legislative counsel is protective. That interest may also be selfish, but the legislative representation is apt to be as enlightened as the leadership of the organization or business represented. If "lobbying" of this kind has a limited and special rather than a broad and general purpose, it is also true that much—it is safe to say most—legislation reflects as narrow and special goals.

Whatever the merits or demerits of the legislative system that has grown up in this country, the end result of having many representatives of business interests on guard in the legislative arenas of the country is, over-all, a sound one. To realize this it is only necessary to imagine what the result would be if there would no specialists in the several fields of economic activity on hand during legislative sessions—if legislators were to function beyond range of any check or discipline from informed specialists.

PERSONALS

Isadore Samuels, general agent of New England Mutual Life at Denver, is recovering at General Rose hospital in Denver from a recent coronary thrombosis.

Chester O. Fischer, vice-president of Massachusetts Mutual Life, has been named to the advisory committee on united funds by Community Chests & Councils of America.

Jack H. Rainer, who has been appointed manager of Guardian Life at Montgomery, Ala., has been with Franklin Life in that city. He is active in Montgomery Chamber of Commerce and YMCA.

J. H. Rainer

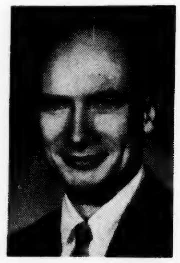
Lou Groza, agent of Massachusetts Mutual Life at Cleveland when not playing with the Cleveland Browns professional football team, has been named offensive tackle of National Football League all-star team for the fifth consecutive season. Groza scored five points after touchdowns and a field goal for the Browns in their 38-14 victory Monday over the Los Angeles Rams for the world's professional football championship.

Robert L. Mitchell has been appointed by Connecticut Mutual Life as general agent and partner of **H. B. Merrifield** at Portland, Ore. Mr. Mitchell joined the company in 1949 and was named supervisor in 1952. He succeeds Mr. Merrifield's brother, John, who resigned because of pressure of other business activities. H. B. Merrifield, who joined the company in 1945, has been general agent since 1952.

H. B. Merrifield

R. L. Mitchell

Hugh S. Campbell, who has been promoted to 2nd vice-president and counsel of Phoenix Mutual Life, joined the company in 1937 as attorney in 1937. He was named assistant counsel in 1946, counsel in 1948 and secretary and counsel in 1951.



Hugh S. Campbell

MAURICE R. SMITH SR., assistant superintendent of agencies of Kansas City Life, has been awarded the title of "Mr. Golf" and the "Golfer" trophy by Kansas City Golf Assn. in recognition of his accomplishments as a player and an organizer the last 25 years. Mr. Smith had the outstanding year of his long links career in 1955. He was chosen to play on the victorious U. S. senior international golf team; first, as a team member in the matches against Canada at Southhampton in June and the following months as playing captain in the matches with France, Great Britain, Belgium, Switzerland, and Western Germany at Deauville, France. He won all his matches and finished third in individual play at Southhampton and second at Deauville. He also has been chosen for the U. S. senior team which will play three matches in 1956 in Bermuda, Canada, and Deauville.

During 1955, Mr. Smith won the Kansas senior title with a 72-72 score. He finished third in the American seniors at St. Augustine, eighth in the U. S. seniors at Rye, N. Y. and qualified for the U. S. Golf Assn. seniors at Nashville, where he finished fourth. In addition, he won or placed highly in several regional tournaments.

The "Mr. Golf" title emphasized that his greatest contribution to the game was as an organizer. He founded the Heart of America tourney and has missed but few times as a competitor. He also organized both the Kansas City Senior Golf Assn. and the Missouri State Senior Assn. He is a member of the 50-year-old exclusive U. S. Senior Golf Assn.

R. Manning Brown Jr., vice-president in charge of mortgage loans of New York Life, has been elected to the board of Dry Dock Savings Bank, New York City.

DEATHS

MEYER BRODY, 77, chairman of National Travelers of Des Moines, died of a heart condition at his home. He had been a director of the company since 1923.

CLAYTON C. SCOOLING, 55, Prudential agent at Kansas City, Kan., for 13 years, died at Providence hospital there of a heart attack.

CARROLL H. PERKINS, 81, who retired three years ago after having represented Mutual Benefit Life for many years at Grand Rapids,. Mich., died there.

Group Buys Majority of Stock in Maryland Life

Alex. Brown & Sons, representing a group of long term investors, has acquired a majority of the stock of Maryland Life of Baltimore.

Among the investors are William Elliott, president of Philadelphia Life, and Paul P. Swett Jr., former vice-president of Baltimore Life and now an independent financial consultant.

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There is no intention at this time of making a public offering of any stock. The present management is in accord with the philosophy of the new purchasers to expand operations along the lines of a progressive life company.

Maryland Life was incorporated in 1864 and now has $21 million in force. Capital and surplus are $1 million. The company is licensed in Maryland, Pennsylvania, District of Columbia, Virginia, West Virginia, North and South Carolina and Georgia.

Great-West Raises Dr. Smith

Dr. F. H. Smith has been advanced from assistant to associate medical director of Great-West Life.

A 1929 graduate of Manitoba medical college, Dr. Smith went with Great-West in 1946. Before that for several years he did post graduate work in medical centers in Europe, Canada and the U.S.

A. Stuart Franklin, Beverly Hills, Cal., was the top producer for Midland Mutual Life during November for the third consecutive month.

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NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.
NEWARK 2, N. J.—10 Commerce Ct., Tel. Mitchell 2-1306. John F. McCormick, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Fred L. White, Resident Manager.

PHILADELPHIA 9, PA.—1027 S. Broad St., Room 1127, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.

16 Life Company Stocks Show Losses in Month

Sixteen of the 21 most actively traded life company stocks, for which figures are compiled by Shelby Cullom Davis & Co., New York City insurance stock and municipal bond specialists, showed decreases in asked prices in the past month. The other five showed increases.

Fourteen of the decreases were less than 10 points. One drop was 35 points and the largest was 43. The five gains ranged from one-half point to five.

With the end of the calendar year approaching, the market has been marked this week by sales for tax purposes.

Below are the bid and asked prices at the close of business on Dec. 28 and the changes in asked prices in the 29-day period since Nov. 29.

	BID	ASKED	ASKED CHANGES
Aetna Life	207	215	- 8
Beneficial Standard	33	35	1½
Colonial	134	139	- 3
Columbian Nat.	96	100	1
Conn. General	505	525	5
Continental Assur.	172	177	- 7
Franklin	95½	97½	- 5½
Great Southern	97	103	- 5
Gulf Life	34	35	- 2½
Jefferson Standard	119	123	- 1
Kansas City Life	1480	1525	-35
Life & Casualty	37	38½	- ½
Life of Virginia	131	136	- 7
Lincoln Nat.	452	462	-43
Missouri Ins. Co.	25	26½	- 1
Monumental	89	93	- 2
National L. & A.	96½	98½	- 1½
Northwestern Nat.	94	98	- 2
Southland Life	225	235	5
Southwestern Life	195	202	- 3
Travelers	84½	86½	- 1½

Mass. Mutual Promotes Luippold, Names Lewis

Massachusetts Mutual Life has promoted Edwin L. Luippold to assistant secretary and has appointed Edwin A. Lewis training assistant in the agency department.

Mr. Luippold joined the planning department in 1931 and went to the tabulating department in 1938. He was advanced to assistant manager in 1943 and to manager three years later.

Mr. Luippold will continue to direct tabulating department operations. The company plans to add at least one major electronic installation in 1956 to streamline operations further. Delivery is scheduled for mid-January.

Mr. Lewis, in the business for eight years at Lawrence, Kan., and Kansas City, Mo., has been assistant general agent of Aetna Life at the latter city. He will join the training division after Jan. 1.

Alter Federal A&S Group Plans

WASHINGTON—A civil service commission task force is preparing a new government employes contributory A&H proposal for possible submission to Congress in January.

It would change the original proposal to put greater emphasis on major medical and would provide that half the cost of the program be borne by the government. Employes objected to the earlier provision that government pay one-third of the cost.

When introduced, the proposal is expected to receive the support of employe organizations.

Sun Life 60-Cent Extra Dividend

Sun Life of Canada has declared an extra dividend of 60 cents in addition to a regular quarterly dividend of $1, both payable Jan. 1 to stockholders of record Dec. 16.

Republic National Promotes 2

Mrs. Margaret Baxter has been advanced from assistant treasurer to assistant secretary and stock registrar of Republic National Life. T. J. Weesner replaces Mrs. Baxter as office manager for the payroll department. Mrs. Baxter joined Republic National 21 years ago and Mr. Weesner, formerly in the company's group division, has been with the company since 1953.

Ohio State Gets Control of Columbus Mutual

(CONTINUED FROM PAGE 1)

was bidding for the Columbus Mutual stock entirely as an individual and that Lincoln National had no intention of acquiring the company.

Some months ago Mr. Jones made an unsuccessful attempt to buy Midland Mutual Life, bididng $1,000 a share for its 3,000 shares. The stockholders rejected the offer, however, voting instead to mutualize the company.

A substantial stockholder of Ohio State Life, Mr. Jones was elected president in March of 1954. He also is president of Buckeye Union Casualty and Buckeye Union Fire and is president of Jackson (O.) Iron & Steel Co., director of First National Bank of Jackson, a director of General Telephone Co. of Ohio and a trustee of Mount Carmel Hospital, Columbus. He also is president of the Columbus American Assn. baseball team.

North American, Chicago, to Write Non-Can A&S

North American Life of Chicago is introducing a non-cancellable and guaranteed renewable A&S policy for male risks, ages 21 to 54 inclusive. The renewal guarantee extends to age 65.

The loss of time monthly indemnity extends for 100 months. The plan may be written with elimination periods of 90, 60, or 30 days, and with a monthly indemnity of $50 up to $250.

The annual premium for a class AAA risk for $100 monthly indemnity and a 90 day elimination period will range from $45.42 for a 21 year old insured to $110.35 for an applicant age 54.

Miller to Bloomington

National Life of Vermont has appointed Glenn E. Miller general agent at Bloomington, Ill., effective Jan. 1., to succeed Bruce L. Crosthwait, who is relinquishing managerial duties to devote full time to clients.

Glenn E. Miller

Mr. Miller has been receiving instruction at the home office for the past year in a program to develop general agents within company ranks. He was with the company for five years in Chicago and two years in Manchester, N.H., where he was supervisor and brokerage manager.

Mr. Crosthwait has been with the company for 40 years.

To Form Gary A&S Assn.

More than 100 A&S underwriters attended a panel session at Gary, Ind., recently to plan as A&S association for the area.

Philip H. Kammerer, manager at Gary for New York Life, moderated a panel on accident and sickness insurance at the meeting.

When the Gary association is organized, it will be the fourth local association in the state. There are now local associations at Indianapolis, Fort Wayne and South Bend.

Guarantee Mutual Life's life volume for the first 11 months of 1955 is up 27.2% over comparable period last year. For the same period new commercial A&H has increased 21.4%

Cleveland Leads Large Cities in Increases in Ordinary Business

Cleveland led large cities in rate of increase in ordinary life sales in November and the first 11 months with gains of 46% and 33%, respectively, according to LIAMA.

Other large cities showed these percentage rates of increase in ordinary sales in November and the first 11 months, respectively: Boston, 21 and 29; Chicago, 14 and 22; Detroit, 24 and 30; Los Angeles, 18 and 25; New York City, 15 and 21; Philadelphia, 14 and 20; and St. Louis, 20 and 25.

Fidelity Life, Illinois, Makes 5 Policy Changes

Five major policy changes, including a new mortgage redemption rider, have been made by Fidelity Life of Illinois.

The mortgage cover will be a decreasing term insurance rider attached to a regular life policy on a 15 or 20 year basis. The initial part of the rider must be equal to three times the amount of the basic policy.

Fidelity also will increase its nonmedical limit to $7,500 for ages 15-35 on all types of policies.

Under hospital and surgical expense plans, the maximum days of hospital confinement has been increased from 120 to 365. Rates will now be increased on females and on each additional child covered.

A single premium deferred retirement annuity also has been added to the policy line.

For the first time, the company is accepting applications written on a payroll deduction basis. Common employers may pay employes' premiums by monthly salary deduction.

Phoenix Mutual Offers Standard to Aviators

Phoenix Mutual Life now is offering insurance at standard rates to civilian pilots and crew members of scheduled U. S. and Canadian airlines.

Also eligible for standard are pilots of private airplanes over age 27, with 400 hours logged flying time, unless they fly more than 100 hours a year. Disability provisions and double indemnity also will be considered at standard for commercial and private pilots.

M. A. Linton Analyzes Variable Annuity, Sees Bad Points Outweighing Good Features

(CONTINUED FROM PAGE 2)

maths have dominated the scene. The question therefore arises—are we to assume a major war for the next generation? With the development of nuclear weapons such an assumption leads to the conclusion that no financial program will save us. We may of course be faced with relatively minor wars such as the Korean conflict; but as the world becomes more and more knit together by modern methods of transportation and mutual interdependence, such conflicts become progressively more dangerous from the point of view of touching off the final catastrophe, and hence may be held in leash. If, therefore, we can rule out a major war as a probability, what other forces would be likely to cause inflation in this country? In this connection deficit financing is frequently mentioned. This is interesting in the light of what happened in the 1930s. At that time the Roosevelt administration was deeply concerned about depressed business activity, unemployment, and the low level of prices. To provide income for the unemployed, prime the economic pump and help to raise prices, a policy of deficit financing was deliberately inaugurated. In the matter of prices, the president stated specifically that every effort would be made to raise the price level to that of 1926. In 1933 that meant an attempt to increase the cost of living by 37%.

In addition to employing deficit financing as one of the methods of raising the price level, the dollar was devalued with the same end in view. Let us see what actually happened to prices. In the following table, 1933, the low point in the depression, is taken as 100 for the three items indicated.

Year	Federal Debt	Money Supply*	Cost of Living
1933	100	100	100
1934	123	117	103
1935	146	126	106
1936	171	140	107
1937	182	146	111
1938	186	143	109
1939	204	156	107
1940	215	168	108

* Bank deposits plus currency in circulation.

From this table we see that with all the efforts to raise prices, the maximum attained was 11% above the 1933 level. Even that 11% was not held. It fell slightly and showed signs of leveling off in 1938 to 1940. Then defense measures and war itself took over and the price level rose rapidly.

It may be suggested that the increase of $26 billion in the government debt from 1933 to 1940 was inadequate to accomplish the desired results. It is true that such an increase may appear relatively small today. However, when related to the gross national product of $101 billion in 1940, it corresponds to a deficit of nearly $100 billion for a seven-year period—an average of nearly $15 billion a year—based upon today's gross national product of nearly $400 billion. Quite a hefty deficit for any administration to incur deliberately in peacetime.

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An important consideration in employing deficit financing as an economic tool to relieve unemployment or to raise prices is the effect upon business sentiment. The very fact that the government finds it necessary to intervene actively is a danger signal to industry and commerce. They become uncertain about their markets and are fearful of the increased taxes that will follow increases in the government debt. Thus as the government spends money to provide employment, business may curtail its capital expenditures and hence to a considerable extent offset the increased government spending. For example these capital expenditures are now running at a rate of about $28 billion a year. A reduction of 50% in any year would be about a standoff to a $15 billion federal deficit.

It is interesting to note what happened in the 1930s to capital expenditures for new manufacturing plant and equipment. For the five years 1926 to 1930 they averaged about $2,260 million a year, and for the succeeding five years slightly under $900 million.

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If deficit financing may not cause a marked increase in prices in peacetime why does it do so in time of war? The reason, of course, is that when a nation is at war a very large proportion of its productive capacity is devoted to making things which the public cannot buy. As the money supply increases, the quantity of consumer goods and services is sharply curtailed. The result is bound to be a marked increase in the cost of living. Deficit financing in peacetime is altogether different. Then all but a small fraction of the productive facilities of the country are available for the production of consumer goods and services in a highly competitive market.

Furthermore, in peacetime an exceedingly powerful influence working against inflation is the amazing advances in productivity continually being wrought by research and technology. As a result, there is a reasonable chance that increasing volumes of goods and services can be produced to offset either the increased money supply resulting from deficit financing or the increases in wages. As to the latter, some economists, as we know, believe that wage increases will be forced upon industry to such an extent that price increases are likely to occur with great regularity. Others believe that excessive wage increases produce consequences that develop corrective reactions. It has yet to be proved that in the long run the forces making for greater productivity will be inadequate to hold inflation in check.

It is interesting to observe what happened after World War II. In the period following its close, large increases in wage rates were forced upon industry, under a mistaken purchasing power theory, and at the same time there was a shortage of most of the things consumers wanted. Hence prices continued to rise for two or three years. Then in 1948 production caught up. Referring to our chart it will be noted that living costs were practically level for 1948 to 1950. Then came Korea and living costs went up about 15 points (11%) after which they leveled off and have been quite steady for nearly four years. The figure three months ago in October was only 1.6% above that for January, 1952, after having been 2% above in October 1953.

DEVALUED DOLLAR FAILS TO RAISE PRICES IN '34

A subject previously mentioned in connection with the effort to raise prices is the devaluation of the dollar. Certain theorists having great influence with President Roosevelt, convinced him that if the gold content of the dollar were reduced, prices would rise, roughly in proportion. Accordingly, in 1934 he brought about a decrease of 41% in the gold content of the dollar. Very little happened to the price level. We shall have to turn to the economists to tell us why. Whatever the explanation we do know that the deficit financing-devaluation mountain labored for six or seven years prior to 1940 and brought forth—an 8% mouse!

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While speculating about the future we might consider some of the consequences of the increase in labor's political power likely to follow the merger of the AFL and CIO. Labor's views about taxation, profit margins, regulation of business, and government competition with free enterprise, could undermine business confidence with marked effects on the stock market. We have seen what labor policies did for England. This country wants none of it. At the same time, no one can be sure that something similar would not happen here if boom conditions should suffer a setback and business be made the scapegoat.

In the event of a sustained decline in business activity and depressed stock prices one might expect living costs also to decline. However, with the power of labor so great, any substantial decline in wage rates and living costs would probably be delayed until the situation had lasted for a considerable time and unemployment had become serious. Bad business, vanishing profit margins, substantial deficit financing to provide people with work, class bitterness—would

such conditions be inflationary or deflationary? To me, as a mere layman, they would look uncomfortably like the 1930s, with, we fervently hope, no war to send prices skyrocketing. Fixed payment annuities under such conditions could look awfully good. All of this makes me skeptical about the fundamental assumptions which are the driving force behind the variable annuity program.

Whatever the general attitude toward variable annuities may be, it appears likely that strongly backed efforts will be made by some life companies to be permitted to issue them. The position taken by the Prudential Insurance Co. in seeking enabling legislation in New Jersey is a case in point.

One of the first problems to be solved upon entering the variable annuity field is that of common stock ownership by life insurance companies. At present this ownership is relatively small, first because of legal restrictions and second because of the attitudes of the companies themselves. As an example of legal restriction, the law in the important state of New York does not permit a home company to hold more than 3% of its assets in common stocks. In making the calculation the stocks are entered at cost. Other states permit a higher percentage. Some have no restrictions embodied in their statutes, any limitations being made by the regulatory authorities. In a few states home companies are not permitted to own any common stocks at all.

STOCK OWNERSHIP BREEDS CRITICISM

Another problem arising from common stock ownership is the economic power that goes with it. If life insurance companies should materially increase their common stock holdings, the old specter of concentration of economic power would probably rise to plague the business. For some reason the ownership of common stocks by life companies seems to arouse more criticism than such ownership by other institutions; for example, fire and casualty companies, trust companies with heavy common stock holdings in their pension funds, and mutual funds. Perhaps the explanation harks back some 50 years when the abuses of stock ownership by life companies led the Armstrong investigating committee in New York to recommend that life companies be prohibited from owning common stocks. This prohibition was enacted into law at that time and remained in effect until 1951.

In any event, the possible control of industry by life companies through common stock ownership is a touchy political subject—witness the TNEC investigation in 1939. It is something that must be kept in mind in connection with this whole subject of variable annuities. With a substantial holding of common stocks concentrated in a group of life companies. a management conflict in an important industrial company, and a hot proxy battle, could produce a lively time. This would be especially true if the companies tended to vote the same way. With the present overwhelming investment of life companies in debt securities, the problem of economic control has been practically non-existent.

In addition to the problems of stock ownership just reviewed, there is another that could easily assume major importance. It has to do with the attitude of the federal government toward the project. During the accumulation period of a variable annuity the operation, as we have seen, bears a close resemblance to that of a mutual fund. This is even more true where the contract provides for cash surrender values, and does not lock the annuitants in, as in CREF. Under such conditions would the federal government be likely to intervene and impose regulations upon the companies and their agents, similar to those imposed upon mutual funds? As we all know, many engaged in the investment banking and mutual fund fields believe that by selling equity annuities the life companies would be invading their preserves.

There is also the question of taxation. In a mutual fund the shareholders each year pay federal taxes on the distributable income and capital gains whether or not they are taken in cash or left with the fund to be invested in additional shares. If the principles of taxation now applicable to annual premium fixed dollar annuities should apply to annual premium variable annuities the main incidence of taxation would be deferred until the annuity payments had begun. Would differing methods of taxation be likely to be continued during the accumulation period under two plans based upon common stocks where in each instance the selling arguments would stress large investment returns and capital gains?

These considerations suggest a matter likely to receive more attention in the future than it apparently has up to this time. It is that under no variable annuity contract now being issued, or proposed to be issued, has there been any compulsion upon the holder of the contract to take a variable annuity when the time comes for the annuity to start. In CREF he has the option of taking a regular fixed dollar annuity instead. In other proposed variable annuity contracts he has the same option, and in addition an option to take cash for his accumulation.

These options make it possible for the so-called "variable annuity" contract not to provide a variable annuity at all. The surest thing about it is that during the accumulation period it will resemble a common stock mutual fund operation. After that it may become a variable annuity, a fixed dollar annuity, or simply an accumulation withdrawable in cash. To attach the title variable annuity from the inception of the program is somewhat anomalous, especially since the variable feature is stressed so emphatically in the discussion and in the financial illustrations that the average person is likely to get the impression that an annuity of the variable type must provide a series of variable annuity payments and nothing else. About the only sure-fire variable annuity contract would be one without cash or loan values, and with no alternative but to take a variable annuity at maturity. Even CREF does not go as far as that.

All this tends to strengthen the case of those who claim that the variable annuity departments of companies proposing to sell such individual annuity contracts should be subject during the accumulation period to the kind of regulation and taxation that applies to mutual funds. This is an area that should be most carefully explored by life companies before taking this variable annuity into bed with them. They, as well as their policyholders, might find themselves in an uncomfortable position and wish that their bedfellow were off in a separate room of his own.

LEADS TO SUBSIDIARY FOR VARIABLE ANNUITY

This naturally suggests the thought that if a company should decide to enter the variable annuity field, it would be less likely to disturb its regular life insurance and annuity operations if it handled the new line through a wholly-owned, separate subsidiary. The TIAA-CREF setup involved two separate corporations. I am well aware that for life insurance generally the problems involved in the subsidiary approach are difficult and complicated. It is a matter of weighing the pros and cons with great care and judgment. I cannot help feeling that with all its problems, the subsidiary approach, although involving the most difficulties, does involve the least danger.

It is interesting that a subcommittee of three members was appointed by the National Assn. of Insurance Commissioners to study the subject of variable annuities. Reference to two items in that report will be made later. At this point I would refer to the one part of the report dealing with this problem of subsidiaries. On all other points the subcommittee was unanimous. On this point the vote was two to one to recommend that the sale of variable annuities be limited "to separate and distinct companies limited to such activity." The full report, which is advisory only and not binding upon the members of the association, was unanimously adopted by the association about a month ago.

Assuming that a life company has decided to enter the variable annuity field, either directly or through the medium of a subsidiary, what about the general public? From its point of view would the move be a good thing?

Taking first the field of group insurance, I believe a good case can be made for utilizing the life annuity technique to develop variable group annuities. When a business organization sets up a pension plan, the first layer of protection is old age and survivors insurance. Using past experience as a guide there is likely to be a second layer of fixed-dollar annuities provided either through a life insurance or a trust company. A number of cases in recent years have included a third layer involving equity annuity principles. This third layer is usually financed entirely by funds supplied by the employer and administered through a trust company.

If a life company were permitted by law to issue variable annuities on a group basis, the program would be set

up after conference and agreement upon the various details. The attitude of the life company would be bound to have weight in this initial planning; and it could lend its influence toward securing a proper balance between fixed-dollar and variable annuities. If the plan in its judgment should be too heavily dependent upon common stocks it could refuse to participate. Therefore, the probabilities are favorable that in a group operation a proper balance could be achieved. Under such conditions it hardly seems fair to prevent life companies, through some instrumentality, from competing in this area.

CITE REASON FOR LIFE INSURER IN PICTURE

An important reason for having a life company in the picture from the point of view of the equity annuitants themselves is the ability of the life company to insure them against loss from increasing longevity and higher levels of expenses. This means that the risks attached to the annuity would be confined to fluctuating dividends from stocks and to net capital losses. CREF assumes neither the mortality nor the expense risks. To do so would require a considerable surplus which it does not plan to accumulate. Trust companies also are not in a position to assume these two risks. There would appear to be no valid reason why a life company in these two respects should not do under equity annuities, issued directly or through an adequately financed subsidiary, what it does as a matter of course under regular annuities.

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Although these would seem to be a reasonable place for variable annuities in the group annuity field the selling of variable annuities to individual prospects would be a horse of an entirely different color. The most dangerous situation would arise, I believe, where the agent represented exclusively a company issuing variable annuities only. Under such conditions it would be next to impossible to prevent persons from being sold contracts not suited to their circumstances. In answer to that the proponents of variable annuities say that people should be free to buy what they want.

The trouble with that position is the ease of developing misleading selling arguments, especially when sincerely held by the salesman. To sell an annuity where no definite return is guaranteed, it is necessary to hold out the prospect of substantial gains. It would be only human for the agent to play down the possibilities of losses. He could make a good story out of the computations published by the TIAA and by the use of the right hand quarter of our chart showing stock prices and living costs. No doubt various commercial agencies would prepare attractive illustrations based upon hypothetical examples.

To say that this is no more than what the mutual funds do is not an adequate answer as I see it. The protection of one's old age should not be based entirely upon equity investments which are bound to involve the risk of wide swings in market values. That is made clear by the methods of operation of TIAA and CREF and by the way equity annuities are integrated into industrial pension plans. The difficulties of assuring any such balanced protection when variable annuities are sold to individuals by those representing only a variable annuity company are obvious.

Would the situation be any better if life companies offering a full line of life insurance and standard annuities should also offer variable annuities for individual purchase, either directly or through subsidiaries? A little better, because the chances of providing a balanced program would be increased. However, some prospects would be so attracted by the common stock selling points that they would insist upon putting everything into equity annuities. If later it did not work out as hoped, the company which sold the program would come in for severe criticism. People's memories become very short when things go wrong and a scapegoat is being sought. That was amply demonstrated in the 1930s.

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As I see it, the only way a balanced program could be offered to the public with assurance that it would stay balanced, would be to have the fixed-dollar and the variable annuities mingled in the same contract in such a manner that they would stand or fall together. One-half say, of the premiums could go into a regular annuity, the other half into the variable annuity, and it would be provided that neither could be continued alone without the other. However, at or near retirement the concession would no doubt have to be made, as in CREF, that the annuitant, if he so elected, could switch his equity annuity into a regular fixed-dollar contract.

This balanced program idea, however, would not be without its problems. Many prospects would be found who, because they already had contracts of life insurance with fixed-dollar options, would want to add equity annuities to balance their programs. I doubt that even this argument would be sufficient to justify running the risks involved, since the fixed-dollar contracts could be discontinued. The reasons which make it impossible for college professors to own CREF annuities alone are equally cogent when carried over into the field of the general public. The TIAA CREF operation should never be cited as a precedent for variable annuities unless there is some equally effective arrangement to insure a balanced program.

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Whether it would be practicable to sell to the general public only the type of balanced contract just mentioned is a question. Great pressure would be brought at times to issue the straight variable annuity, especially if the primary motive should be to take advantage of the mutual fund principle that operates during the accumulation period. Because of the serious consequences of a failure to work out as hoped, it would seem far safer, if variable annuities alone are to be sold to the general public, that it be done through subsidiaries which would attempt to achieve a balance through underwriting practices at the time the contracts were issued.

The problems of supervision faced by the regulatory authorities are sure to be more difficult in the field of variable annuities than in the case of regular life insurance and annuities. They would be especially difficult in the case of companies that might be set up to operate on the CREF principle where the annuitants are "locked in" and bear all the risks of common stock investments, mortality and expense. However, it is doubtful that any such company could sell its product to the general public.

Companies other than CREF which either have been set up to sell variable annuities or which propose to add them to their regular line, will provide for cash surrender values in their contracts. Under such conditions the contract holders could withdraw their accumulated funds at market values, less some type of surrender charge, subject to an emergency six months' delay as is the case with life insurance cash values. It seems clear that the presence of cash values in an equity contract would tend to bring it still closer to a mutual fund in some of its aspects and to interfere materially with the long-range annuity objectives. For some purchasers the annuity motive might be uppermost. For others the motive of capital gains and higher interest yields without reference to an annuity, would govern.

To help weaken the speculative motive the Prudential proposes that cash values be in the form of three-year variable annuities. In the report on variable annuities, already referred to, adopted by the National Assn. of Insurance Commissioners there is a recommendation that it be made mandatory to extend cash value payments over a three to five year period. In the absence of such a rule it is doubtful that the installment payment provision could be maintained against more prompt payment of cash values by competitors. Already the District of Columbia Co. plans, if permitted, to offer lump sum cash values.

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It is possible that some company might desire to issue single premium deferred variable annuities with lump sum cash values. If permitted to do so this certainly would seem to bring the operation very close to that of a common stock mutual fund and to introduce an unusually large element of speculation into the program, since so much would depend upon the level of the stock market at the time the contract was purchased. Much of the desirable averaging process during the accumulation period would be lost.

SUPERVISION BURDEN MAY BE LIGHTENED

The burdens of supervision of variable annuity companies issuing contracts with cash values would probably be less heavy than in the case of companies of the CREF type. Contract holders being free to surrender their contracts would not be "locked in." However, there would still be difficulties in appraising management where there are no fixed-dollar guarantees and hence only sketchy tangible tests of solvency. The state supervision of life companies issuing life insurance and regular annuity contracts with their firm dollar guarantees has been remarkably successful. The main reason is the existence of readily available and reliable tests of solvency, combined with relatively stable investments to back up the guarantees.

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In considering the problem of supervision I have tried to visualize what would happen in the event of a long continued decline in the stock market. To illustrate, suppose a variable annuity, held by an annuitant young enough to be living still, had been in effect back in 1926, paying the annuitant $100 a month. Assuming that the subsequent annuity payments had followed the index of stock prices, here is what the annuitant would have received per month each year since then:

1926	$100	1936	$111	1946	$133
1927	118	1937	112	1947	116
1928	150	1938	83	1948	118
1929	190	1939	90	1949	115
1930	150	1940	84	1950	139
1931	95	1941	76	1951	167
1932	49	1942	66	1952	177
1933	63	1943	87	1953	179
1934	72	1944	95	1954	215
1935	78	1945	115		

It is not difficult to visualize the showers of letters from irate and disillusioned policyholders that would have descended upon the supervisory authorities in the years immediately following 1929, 1937, and 1946. Many would have forgotten all about the warnings sounded at the time of sale; or if they still remembered them, would blame the companies and the authorities for ever having sold such contracts in the first place. Not only would such a situation cause annuitants to complain to the insurance commissioners; many would complain also to their congressmen in Washington.

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To make our problems more exciting and complicated, a fraternal company in Connecticut, at the beginning of this month, announced plans to issue what, in its preliminary literature, is called a "variable endowment" policy—a rather clever combination of mutual fund principles and life insurance in a single contract. There's never a dull moment in this field! As I understand it a $10,000 policy of this type with a 20-year endowment period would operate as follows: From the annual premiums a common stock fund would be accumulated and at the end of the 20 years the amount of the endowment would depend upon the market values of the securities then in the fund. The amount would not be guaranteed and might be more or might be less than $10,000. Fixed-dollar or variable annuity options would be available for settlement of the proceeds.

The premiums for the contract would also include a charge for a fixed-dollar death benefit of $10,000. If death should occur during the 20-year period this guaranteed amount would be paid along with the redemption value of the accumulated variable endowment units. There would be automatic extended insurance nonforfeiture values, (with pure endowment if the cash value were large enough) and cash values after three years. These values would be "variable depending on the available fixed-dollar redemption amount of the cash surrender values."

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Examining this proposed contract it would appear to resemble a mutual fund operation in its endowment features and a regular life insurance contract in its death benefit and nonforfeiture provisions. Certainly it would involve life contingencies to a greater extent than do variable annuity contracts. It would introduce a type of mixed life insurance protection in that the death benefit would consist of a fixed-dollar amount plus a variable amount representing the accumulation to the date of death under the endowment feature, the value of which would depend upon the prices of stocks at the time. It is an interesting adaptation of the variable principle. With skilled promotion it could be made to appeal to many who lean toward the "salvation through common stocks" idea. We shall see what we shall see.